The Financial Times, November 30, 1976

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THE UNIVERSITY OF JORDAN

# FINANCIAL TIMES

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## NEWS SUMMARY

### GENERAL

## Fitt lashes out at Provos

Mr. Gerry Fitt, leader of the Catholic Social Democratic and Labour Party and MP for Belfast West, lashed out yesterday at the Provisional IRA after it had admitted responsibility for the week-end booby-trap explosions which killed a 16-year-old girl and a father of 10 children.

He said: "These two murders—I hesitate to call them accidents — and the blatant hypocrisy of the Provisional IRA in justifying them under any circumstances, will I believe go a very long way to ensuring the final defeat of the IRA."

By murdering two Catholic people, he claimed, the Provisionals had done more to undermine the campaign of violence than even the Peace Movement.

Mr. Roy Mason, Ulster Secretary, described the deaths as the "slaughter of the innocents," and condemned also the killings carried out by Loyalist murder gangs. People responsible for revolting crimes should be treated as common criminals and should not be given any special status, the Minister added.

### Peace prize

In Oslo to-day Mrs. Betty Williams and Miss Mairead Corrigan, Ulster's peace movement leaders, are to receive a people's peace prize of £180,000 collected by the Norwegian Press.

### Probe ordered on Yard officers

Allegations against a number of senior Scotland Yard officers are being investigated by Mr. Barry Pain, the Chief Constable of Kent. Sir Robert Mark, Metropolitan Police Commissioner, has arranged for Mr. Pain to conduct the probe with the approval of Mr. Merlyn Rees, Home Secretary.

### 13 die in Kenya rail disaster

The locomotive and six carriages of the Mombasa-Nairobi overnight train crashed near Darajani in Kenya yesterday, killing at least 13 people when their coach crashed from a broken bridge into a flooded river. Thirteen delegates and officials to the Unesco conference at Nairobi escaped serious injury.

### Libya to quit Lebanon force

Libya, announcing yesterday that it is to withdraw its element of the Arab force in Lebanon, complained that it had become a "deterrent force instead of a peeping force." The decision came as the force met strong Palestinian and Left-wing resistance to its plan to confiscate heavy weapons. Page 8

### Soviet air crash

A Soviet Tu-104 Aeroflot airliner has crashed shortly after take-off on a flight from Moscow to Leningrad, killing 70 people on board.

### Briefly . . .

Labour's Tribune group last night supported the appointment of the Trotskyist Mr. Andy Bevan as the party's next national youth officer.

The Government formally presented its Bill devolving powers to Assemblies in Edinburgh and Cardiff in the Commons yesterday. Scottish attitudes. Page 10

Australian police are investigating a threat by environmentalists to explode nuclear bombs in Sydney and Melbourne unless the Government bans mining and export of uranium.

Gwent landowner Mr. Robin Herbert, who claimed that he was cast as a local baddie in a BBC TV film has been awarded £50,000 libel damages in the High Court.

A cup of British Rail tea is to cost 1p more at 11p, among other increases. Page 11

### BUSINESS

## Equities steady; gilts quiet

● EQUITY leaders were marked down modestly at the start but prices edged higher and final quotations were little altered on balance. FT 30-Share Index closed 0.1 off at 302.4.

● GILTS activity was at a low ebb. Government Securities Index was down 0.02 at 58.34.

● STERLING closed at $1.6485, unchanged on the day. Its trade weighted depreciation widened to 45.6 (45.5) per cent.; dollar's narrowed sharply again to 0.18 (1.36) per cent.

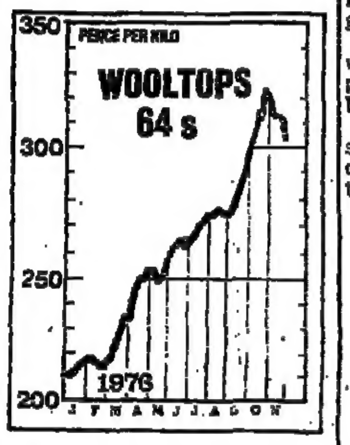
● GOLD fell $¾ to $129¾.

● WALL STREET was down 5.24 at 951.38 near the close.

● CAR sales in Britain continue to show surprising buoyancy despite recent tightening of credit facilities and industry fears of a downturn. Page 10

● LONDON TRANSPORT wants to spend £20m. on 660 new buses to overcome problems of reliability. Page 10

● PRICES on the London greasy wool futures market fell sharply after the 17.5 per cent. devaluation of the Australian dollar. Page 39




● GOVERNMENT is launching a £5m. air scheme for the wool textile industry designed to encourage further re-structuring and rationalisation among producers. Back Page

● SUBSTANTIAL increases in most forms of indirect taxation were imposed in Guernsey in an attempt to bring down the island's basic borrowing requirement. Page 11

● POST OFFICE is expanding its Datapost service for exporters to Australia, Holland and Hong Kong and similar services will be introduced in the New Year to the U.S., Brazil, France, Belgium and Japan.

### New Zealand devalues

● NEW ZEALAND devalued its dollar by 7 per cent. against all major currencies and revalued it by 12.7 per cent. against the Australian dollar. Back Page; Pages 8 and 9; Editorial Comment, Page 18

● BEER sales through multiple grocers and Co-ops are worth about £67m. a year and represent bigger business than some traditional commodities such as jam and flour, Mr. Bryan Matthews, managing director of Whitbread's take home division, said. Page 10

● INTRODUCTION of compulsory deposits on soft drinks bottles is not likely to increase the number of empties returned, the National Association of Soft Drinks Manufacturers said. Page 11

### COMPANIES

● ANZ GROUP Holdings boosted earnings 34.6 per cent. from $A27.4m. to a record $A36.85m. in the year to September 30. Page 33; Lex

● CHAMBERLAIN PHIPPS pre-tax profits for the six months to September 30 were up from £227,000 to £835,000. Page 28

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| | | |
|---|---|---|
| **RISES** | | |
| S. Rhod. 2½pc '65-70 | £55 | + 3 |
| Alpine Soft Drinks | 66 | + 8 |
| Cannon Bros. | 105 | + 8 |
| Epicure | 27 | + 3½ |
| Estates and Agency | 47 | + 7 |
| Estate Property Inv. | 38 | + 4 |
| Gt. Portland Ests. | 180xd | + 7 |
| Haslemere | 140 | + 5 |
| London Shop Prop. | 39 | + 3 |
| Marshalls (Halifax) | 62 | + 3 |
| Nurdin and Peacock | 79 | + 4 |
| Prop. Reversionary A | 142 | + 4 |
| Rev Trueform "A" | 203 | + 13 |
| Spear and Jackson | 82 | + 8 |
| Tollemache Cobbold | 125 | + 10 |
| Ultra Electronic | 57xd | + 6 |
| Wilkinson Match | 135 | + 12 |
| **FALLS** | | |
| Allied Polymer | 19 | − 3 |
| ANZ | 310 | − 30 |
| Argo Investment | 105 | − 19 |
| Bank of NSW | 435 | − 70 |
| BH Prop. | 620 | − 45 |
| Challenge Crp. | 148 | − 15 |
| Comm. Bank Aust. | 225 | − 28 |
| Dalgety | 209 | − 5 |
| ICI | 286 | − 4 |
| Jennings (A. V.) | 115 | − 19 |
| Lend Lease | 190 | − 28 |
| Lndn. Australian Inv. | 78 | − 14 |
| Nat. Bank Aust. | 220 | − 33 |
| Sheffield Brick | 65 | − 5 |
| Woodside-Burmah | 102 | − 7 |
| Bougainville | 107 | − 11 |
| BH South | 115 | − 12 |
| Cons. Gold Fields | 150 | − 15 |
| EZ Industries | 250 | − 20 |
| Free State Geduld | £10¼ | − ¼ |
| Lydenburg Plat. | 68 | − 7 |
| Pancontinental | 775 | − 75 |
| Rustenburg Plat. | 93 | − 7 |

HAGUE SUMMIT OPENS WITH ROW

# EEC attacks British refusal to devalue green pound

BY GUY DE JONQUIERES & ROBIN REEVES, The Hague, Nov. 29

**Britain came under sharp attack from its EEC partners to-day over its repeated refusal to contemplate a devaluation of the green pound used in Common Market agricultural trade.**

President Giscard d'Estaing of France was particularly outspoken, throwing his weight behind demands by Denmark and Ireland for major changes in the Common Market's green currency system of import subsidies.

The French President told the Heads of Government meeting here at the EEC summit that the cost of the system—now running at around 25 per cent. of the total EEC farm budget—was "totally unacceptable."

His criticisms were echoed by Chancellor Helmut Schmidt of Germany, who warned that his Government was not in a position to assume the responsibility of carrying the weaker members of the Community through their present economic difficulties.

Apparently taken off-guard by this display of hostility, Mr. James Callaghan sought refuge in the social contract which, he said, would be threatened by the food price rises resulting from a green pound devaluation.

Problems with the unions would in turn make a bad impression on the International Monetary Fund, he argued.

These sharp exchanges were set against a background of deepening confusion about how the EEC should tackle the economic demands of the developing world in the face of the expected rise in OPEC oil prices.

There was general agreement about the threat that higher oil prices posed to the already fading recovery.

The heads of government remained far from a consensus on how to confront this threat. Sig. Giulio Andreotti, the Italian Prime Minister, favoured appealing to OPEC to postpone next month's price increase until 1977. President Giscard suggested the adoption of Community-wide limits on the value of oil imports.

There was little visible progress to-day, either, in the EEC's efforts to reach a common position on the closely related question of how to tackle the developing countries' demands for economic concessions in the North-South dialogue, due to conclude in Paris in mid-December.

### Concessions

While several European leaders favoured a conciliatory approach, Chancellor Schmidt showed no sign of budging from his long-standing refusal to offer significant concessions in an effort to minimise the size of the oil price increase.

If anything, the German position appears to have hardened, and German officials are now saying openly that the developing countries must realise that any economic help they receive from the industrialised world must be balanced against the cost of absorbing higher oil prices.

This uncompromising stand is, however, clearly starting to irritate some of Germany's EEC partners.

Mr. Max Van Der Stoel, the Dutch Foreign Minister, has warned that if no common position is decided amongst the Nine at this meeting the Netherlands may consider offering concessions on a bilateral basis at the Paris talks.

At the same time, some support seems to be building behind the idea of calling for a postponement of next month's dialogue session.

Germany, France, Britain and Belgium have all indicated that they favour such a move, though so far no Government has advanced a concrete proposal to do so.

Other Governments fear, though, that such a postponement would turn out to be an expensive way of buying time

Continued on Back Page

# ICI clerical staff vote for union recognition

BY ROY ROGERS, LABOUR CORRESPONDENT

CLERICAL and administrative staff employed by Imperial Chemical Industries have voted in favour of representation by TUC-affiliated unions. The decision signals the virtual demise of the company's traditional staff committee system.

ICI management has already conceded recognition in principle. The company has agreed to meet the three unions concerned next month to negotiate a formal recognition and bargaining agreement.

Such a deal would take the number of ICI staff for which unions have won negotiating rights in the past two years to more than 32,000 out of a total of some 37,000 white-collar staff employed in the U.K. The company's white-collar workers have in the past been represented by staff committees with no bargaining role.

### Elated

The development will also spark off a major recruiting battle as the three favoured unions—the Association of Scientific, Technical and Managerial Staffs and the white collar sections of the General and Municipal Workers and the Transport and General Workers—woo the potential new members.

Ballot results released by the Electoral Reform Society yesterday showed that ICI's 10,500 clerical and administrative staff had voted 61.2 per cent. in favour of representation by the three TUC-affiliated unions.

Leaders of the three unions last night were elated at their ballot success which is the culmination of a long and often bitter battle for recognition at ICI.

Although the company had recognised manual unions for many years, it resisted extending recognition to white collar unions even when they were winning recognition in large areas of industry.

The breakthrough came two years ago when the now defunct Commission on Industrial Relations recommended that ASTMS should have bargaining rights for more than 20,000 ICI staff.

News Analysis Page 16

# Row over Rugby Portland head

BY MICHAEL CASSELL, BUILDING CORRESPONDENT

A BOARDROOM row surrounds the naming of a successor to Sir Halford Reddish who is retiring after 44 years at the head of Rugby Portland Cement.

Sir Halford, who is 78 and has for many years been one of the best known and most controversial of British industrialists, yesterday announced that he would be leaving the company on December 20. His intention to retire was made known earlier this year.

But Sir Halford said that although he had intended to name his successor, his views over the best candidate for the job and for other top management positions had not been shared by other Board members.

In a statement last night, Sir Halford commented: "I regret that I am unable to name my successor, but it has been made clear to me that a majority of the directors would not elect to the Board the men, including the new chairman, whom I wished to follow me.

"I can but hope that who ever is appointed will be someone who will carry on what we like to call 'the Rugby tradition.'"

Sir Halford said he would make no further comment on the disagreement until the new chairman was named. Other directors of Rugby Portland would not comment on the situation.

Sir Halford nearly stepped down as chairman of the company once before. He planned to make way for Sir Basil Smallpeice of Cunard in 1970, who was to become non-executive chairman while Sir Halford became president and continued to work for the company in an advisory capacity.

However, because of a difference of opinion over the future development of the company—apparently the grounds for the latest Boardroom disagreement—Sir Basil did not take up the job and Sir Halford remained as chairman.

There are five executive directors on the nine-man Board of Rugby Portland, of whom Sir Halford is by far the largest shareholder. The managing director is Mr. Maurice Jenkins and Mr. Reginald Morgan is finance director. Among the non-executive directors are Lord Boyd-Carpenter and Sir Richard Young.

In its last financial year, pre-tax profits of Rugby Portland, one of the country's largest cement producers with subsidiaries in Australia and until recently in Trinidad, rose from £10.53m. to £11.3m.

With the exception of a second half set-back in group profits during 1974, due mainly to the devaluation of the Australian dollar, Rugby Portland has registered a consecutive increase in profits for the past 30 years.

# Dell likely to back Morpeth

BY MICHAEL LAFFERTY, CITY STAFF

MR. EDMUND DELL, Trade Secretary, is to-day expected to announce Government support for the proposals of the Morpeth steering group on inflation accounting.

The Morpeth proposals, essentially based on the recommendations of the Sandilands Committee of Inquiry, will be launched at a Press conference this morning and published generally to-morrow.

They will appear under the title of Exposure Draft 18 or ED 18 as a publication of the Accounting Standards Committee, the rule-making body on U.K. accounting matters.

As reported in the Financial Times on October 27, ED 18 goes beyond the Sandilands system of current cost accounting (CCA)—which only deals with the specific effects of inflation on stocks and plant—into areas rejected in that report.

There will be a proposal allowing companies to consider and, if they think it necessary, provide for the effects of inflation on money by an appropriation before arriving at the amount of distributable profits.

There will also be a new supplementary statement in which a company's performance will be compared with the rise in the Index of Retail Prices.

It is proposed that the new system should come into force in four phases, starting with listed companies, other companies with turnover or assets in excess of £10m., and the nationalised industries for accounting periods beginning after July 1, 1978.

Companies with more than 50 per cent. of their assets overseas will not have to come into line until 1978.

The Inland Revenue is having discussions with the Morpeth group about the suitability of the new system for taxation purposes and is expected to publish a discussion paper on its application to stock appreciation early in the new year.

However, in view of the phased introduction of current cost accounting—all businesses will not be on the system until after 1980—it is highly unlikely that the new system will become the basis for company tax until the mid-1980s.

It is understood that one of the Revenue's main objectives in the present discussions is to ensure as far as possible that taxation requirements do not delay the implementation of current cost accounting.

# Healey confirms wealth tax delay

By Richard Evans, Lobby Editor

THE GOVERNMENT has withdrawn from its commitment to introduce a wealth tax in this Parliament, Mr. Denis Healey, Chancellor of the Exchequer disclosed yesterday.

The admission is certain to cause a storm of protest from the Labour Party's Left-wing, who regarded the tax as a basic plank in the party's programme for a general redistribution of wealth.

Ministers have claimed that the absence of the wealth tax from the Queen's Speech programme, announced last Wednesday, was caused by pressure of other legislation as well as unsolved administrative problems. But yesterday it was admitted for the first time in a Commons written reply from Mr. Healey that there was absolutely no chance of its introduction before the next election.

The wealth tax proposal, a major item of Labour's manifesto programmes in the last two general elections, has foundered largely because of the high cost of collection and the comparatively low net yield.

In his reply to Miss Janet Fookes, Conservative MP for Plymouth Drake, Mr. Healey said: "The Government has decided that it should not introduce a wealth tax in the light life of this Parliament, but the tax will continue to be an important part of its programme. The work that has been done will be of considerable value when the time is right for introducing the tax."

Labour's programme, 1976, endorsed by the party conference in September, argued forcefully for the early introduction of a wealth tax on the basis that the alleged administrative difficulties have been greatly overstated.

The Government's green paper published in August 1974, tentatively advocated a threshold of £100,000 before a wealth tax took effect.

Great harm to the prospects for the tax was done in December 1975, when a Commons Select Committee failed to reach agreement. Five separate reports were produced with Dr. Douglas Jay, the chairman, favouring a scheme that would yield between £100m. and £200m. a year.

A number of buildings have already been earmarked by the Government for civil servants who would operate the tax. One at Plymouth is nearing completion at a cost of £2.5m. and Conservative and Liberal MPs have promised a campaign to question Ministers on the costs to public funds of preparing for the tax that will not now be introduced.

Parliament Page 12

# Atmosphere at Geneva talks worsens

BY OUR FOREIGN STAFF

THE GENEVA conference will formally begin discussions to-day on the formation of an interim government for Rhodesia in an atmosphere of recrimination and suspicion exacerbated yesterday by public statements from both black and white parties to the negotiations.

Mr. Ivor Richard, the conference chairman, is expected to meet to-day all the black delegations and possibly the white Rhodesian delegation as well in bilateral consultations on the structure of an interig government.

But while the week-end compromise with the Patriotic Front has made this possible by breaking the four-week deadlock on an independence date, it was made very clear in Geneva and Salisbury yesterday that progress on any other of the many complicated issues for negotiation will be far from easy.

In Salisbury, Mr. Ian Smith, the Rhodesian premier, declared that what he called the "Anglo-American agreement" on Rhodesia was "a firm and binding contract." The Geneva conference, he said, "has no mandate or power to interfere with this. We have reiterated this fact to all and sundry and in particular to Mr. Richard."

In a statement whose tone was one of frustration and impatience Mr. Smith said: "The time has long past for Mr. Richard to cease pandering to the fads and fancies of the Black politicians in Geneva."

Rhodesians simply wanted to know whether the British implement the Kissinger plan. If it was their intention to break it, "then clearly we will be forced to make alternative plans."

He did not elaborate on what those plans might be, although the Government still believes it could successfully negotiate with "moderate" Africans, including tribal chiefs.

Meanwhile, in Geneva yesterday the Patriotic Front of Mr. Robert Mugabe and Mr. Joshua Nkomo charged that British and American "imperialists" viewed the main purpose of the conference "as the creation of a black puppet regime which will continue to dance to their tune." In addition they accused the British delegation of "rigid intransigence in its resolve to please John Vorster and Ian Smith."

The Front also reinforced its earlier complaints about the "divisive" tactics of the conference chairman, saying that "there have been undisguised attempts to divide and rule." They called on the chairman to hold more discussions in the open rather than in secret bilateral meetings. Since the mintues of these meetings were not recorded as conference documents, they said, delegations did not know what had been discussed in those meetings in which they were not involved.

With regard to fixing the date of independence, the Patriotic Front has reserved its position until an appropriate stage of the conference has been reached. But it reiterated its strict stand that independence shall come within 12 months.

The Nkomo and Mugabe delegations have therefore merely agreed to defer any further discussion on this for the time being, while being "unable to accept the British time-frame of 15 months and noting that the date of March 1, 1978, remains simply as a "cover" for the British.

It is expected that Mr. Richard, will for the time being at least seek to avoid concentration on specific problems. Instead he may try to reconcile some features of the general positions on an interim Government as presented by the various delegations here, and map out a framework within which the

Continued on Back Page



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LOMBARD

# Keeping market confidence

BY MICHAEL BLANDEN

THE ALARM among the British export finance houses aroused last week by the recent changes in the exchange control regulations seems to have been somewhat soothed by the Bank of England's response to their representations. But the incident provided another example of the serious consequences which official actions can have even for some of the City's more esoteric if traditional activities.

It is a source of great concern in the City if at any time it appears that the impact of new measures or of the implementation of Government policy on the diverse markets of the Square Mile have not been clearly foreseen. For one of the great strengths of the Bank of England has been the depth of its understanding of these markets and its ability to keep in day-to-day contact with what is going on there.

The activities of the markets, particularly in foreign exchange, are viewed with disfavour by quite a lot of people at present, and the City is sensitive to this feeling. As long as the markets exist, however, the attitudes which emerge from their trading cannot be ignored—the effects of this year's drop in the pound provides ample evidence for this—and it is important that they should be handled skilfully by the authorities.

## Second to none

The foreign banks in London will tell you that the Bank is second to none among central banks in its degree of understanding and its willingness to be as flexible as possible in order to avoid putting unnecessary obstacles in the way of legitimate commercial operations. It is worrying, therefore, when it appears that matters have been handled with an unaccustomed clumsiness. And last week's events, affecting the specialist area of export finance and the confirming houses, were not the first time that parts of the City had felt this.

The best-known occasion was earlier this year, when in March the pound first slipped below the $2 level to the accompaniment of a clear case of mutual misunderstanding between the market and the authorities; and since then the switches in policy towards the foreign exchange market and intervention have caused confusion at times. The problem goes back further, though; the early days of the new policy of Competition and Credit Control in 1971 brought a good deal of uncertainty, and in particular complaints were heard among stockbrokers and in the discount market over official dealings with the gilt-edged market.

Situations of this kind have led on several occasions to arguments in the City that in some ways the Bank has been losing its grip of market sentiment and its tact in dealing with day-to-day problems. There is a particularly strong feeling over the recent signs that, at least in some areas, the Bank's traditional independence and freedom of action is restricted by the intervention of political necessities expressed through the influence of the Treasury.

Last week's events provided a minor instance. The elimination of one of the last vestiges of Britain's role as the centre of the sterling area should not have taken anybody by surprise. For those directly affected, involved in a complex and long-established business, however, it came as a shock to find they would no longer be able to use sterling finance in the City's extensive activities in organising trade between third countries outside the U.K.

## Unheralded

Their complaint that they were not consulted in advance was in fact unrealistic. With a subject as sensitive as new exchange restrictions it is inevitable that action has to be unheralded, for otherwise the market would be given the chance to hedge against the forthcoming changes and thus to increase the pressures already being felt on sterling which led to the decision in the first place. And after their meeting the people involved appeared reassured that the Bank would do what it could to help with the transition to using foreign currency finance which, according to the big banks involved, seems likely to be quite easily available.

It is nevertheless unfortunate that a source of invisible earnings for the U.K. should be threatened, it is unwise if at any time the implications of official actions for market activities and sentiment are not given sufficient weight, and it is unpalatable to the City if decisions of this kind appear to be made only for reasons of short-term expediency.

RACING — BY DOMINIC WIGAN

# Another five showing promise

HERE ARE the remaining five horses in a group of ten which I expect to yield some good-priced winners in the coming months. The five are listed alphabetically with the names of their trainers in brackets:

*Iver* five years old (R. Akehurst). A talented middle-distance performer on the flat, this gelding had shown a deal of promise in his schooling by the time he made his debut over the minor obstacles in a division of the Waterloo Novices' Hurdle at Sandown towards the end of October.

Backed as though victory were a formality, Iver appeared poised to take a hand in the finish but had a crashing fall at the third flight from home.

Provided that his confidence has not been impaired by that mishap Iver, a fair fifth at Kempton 12 days ago, will soon make amends.

*Saint Daniel*, five years old (T. Forster). Well thought of by his stable, this brown gelding showed that a novice hurdle would soon come his way when making significant late headway to take fifth place behind Another Dove at Wincanton on November 11.

He could provide a good betting opportunity next time he runs.

*Shackle Sun*, five year-old (F. Winter). An easy winner of a novices' hurdle at Sandown, this bay son of Shackleton let his supporters down next time out when falling at Fontewell. But he made up for that lapse with a clear round at Newbury last Saturday and is likely to regain winning form.

*Spanish Tan*, eight year-old (D. Morley). This ex-Irish steeplechaser has evidently improved since last season and judged by his fine effort in the Buckinghamshire Chase at Windsor early this month.

Always going well in that two-mile event, Spanish Tan failed narrowly to catch Isle of Man, to whom he was conceding 3 lbs. Granted an additional half mile and the soft ground which suits him best Spanish Tan will continue to do well.

*Straight Boy*, six-year-old (J. Dreaper). This consistent gelding had a fine campaign last season, winning handicaps at Roscommon, Navan, Punchestown and Naas. It came as no surprise when, on his first appearance this season, he finished fourth at Leopardstown on November 13.

**PLUMPTON**
1.00—Easy Action
1.30—Julian Swift**
2.00—Baltic Love
2.30—Jave River
3.00—Vulgan's Trout
3.30—Kybo***

**HUNTINGDON**
1.15—Makadir
2.15—Roman Holiday
2.45—Harry Hotspur
3.15—Railway City*

There he looked all set to trouble his three opponents at the penultimate flight in a valuable hurdles event. But lack of a previous race told against him and his jockey wisely accepted the situation.

At Plumpton this afternoon there is the prospect of a good contest between Cartwright and *Julian Swift* for the Beacon Novice's Chase. Cartwright, a compact animal who scored convincingly at Nottingham eight days ago, will be suited to this tight undulating track. But I doubt that he will cope with Julian Swift, who won well at Kempton after finishing a creditable second to Tree Tangle at Sandown.

Stan Mellor has a good record at Plumpton, and even if Cartwright has to give best to Julian Swift he is unlikely to come away empty-handed. I fancy his chances of landing the Galleano Handicap Chase Challenge Cup with *Jave River* and the Aquascutum Handicap Hurdle with *Baltic Love*.

Mellor is also likely to go close to winning the Scaynes Hill Handicap Chase with Willy What, though here, as in the Beacon Novices Chase, he may find that David Morley has one too good for him in the shape of *Vulgan's Trout*.

*Kybo*, touched off by Legal Advice at Folkestone earlier in the month, is a confident selection for the November Three-Year-Old Novices Hurdle.

SALEROOM — BY ANTONY THORNCROFT

# Pope's treatise sold for £7,500

SOTHEBY'S is persevering with auctions of the celebrated collection of books and manuscripts gathered by the Victorian bibliophile Sir Thomas Phillipps. It started selling the library early in the century. In 1914 the collection was bought by Lionel and Philip Robinson, the Pall Mall booksellers, but the sales have continued.

Yesterday another £82,588 was added. Whitten, an American dealer, paid £7,500 for the Spanish edition of the collection of medical texts by Johannes de Ketham, who later became Pope. It dates from the late 15th century. The price was well above estimate.

Kraus, another American dealer, paid £3,400 for a first edition of Christian Huygen's work on light, and John Fleming Inc. of New York bought a first edition of an astronomy work by Kepler for £3,000. A 10 per cent. buyer's premium is paid on all lots sold.

There were plenty of collectors in the saleroom for the Sotheby's auction of miniatures and objects of vertu, which totalled £44,600. Gould paid £1,250 for a pair of Birmingham toilet boxes made around 1755. Paine bought a miniature of the Second Earl of Carnarvon by Gibson for £1,150. A Thomas Day miniature of a nobleman sold for £1,100.

There were few surprises at Christie's sale of Continental porcelain, which totalled £88,873. The star attraction, a pair of Meissen figures of a lion and a lioness, modelled by J. Kandler, was bought by a private collector for £15,000, in line with forecasts. The second most important lot, a Meissen tankard, was bought in at £2,400, half its forecast.

The rest of the auction went according to plan. A Nympemburg rococo pastoral group of lovers, modelled by Bustelli, sold for £2,500 to E. Simmons, and a rare pair of Vienna Du Paquer bud vases was acquired by the German dealer Benarczyk for £2,200. Hoff Antiques paid £1,900 for a Capodemonte (Carlo III) figure of a hussar, and £1,750 for a similar of a peasant girl. A 10 per cent. buyer's premium must be added to all prices.

Christie's auctioned historic steam engine, ship, car and aeroplane models at the Brighton and Hove Engineerium, and brought in £52,490. A 5 inch gauge model of the Hunslet 0-4-0 locomotive of 1917 sold to Edwards, a Chilean who is building up a collection, for £2,800, and a 5 inch model of the British Railways Pacific of 1974 made the same price. A similar sized model of Sir Daniel Gooch's Great Western Railway 131 class fetched £2,600.

The top prices were slightly lower than expected but the other items often exceeded forecast. An extensive electric railway with engines and all the bits and pieces sold for £1,000 as against a £300 estimate.

The Phillips furniture sale totalled £25,751, with Medcalf giving £1,300 for a Victorian mahogany break front library bookcase in the Gothic style. The oil paintings made £17,140.

WINE — BY EDMUND PENNING-ROWSELL

# Finding a fair price for Burgundies

THE Trois Glorieuses week-end in Beaune each November is a combination of gastronomic saturnalia, harvest festival and wine auction. The gastronomic side includes two sumptuous dinners and an extended luncheon on succeeding days; and there is no lack of dining and wining in between these banquets, with wine merchants bringing out their best bottles to entertain their guests.

The first of the formal dinners is on the Saturday evening in the Clos de Vougeot château, attended by over 400 people (no shortage of applicants at Frs.220 a head!), who partake of a procession of courses and a galaxy of burgundies, to the accompaniment of songs, anecdotes whose innuendoes are lost on most of the foreigners present, and speeches that prolong the occasion long beyond midnight. The next evening there is the no-less-well-attended Diner au Chandelles in Beaune. Here the wine flows even more freely than water, for in addition to the wines listed, the merchants bring their own for circulation on the tables. The final function is the Paulée lunch in the Meursault village hall: a much more local affair, run by the Meursault growers for their friends and customers, although they do reserve some places for "foreigners" over the way at Puligny and Chassagne.

The harvest-festival aspect in Beaune consists of a display of viticultural and wine-making equipment, and an enormous wine exhibition in the *hôtel de ville*, attended by throngs of growers throughout the region, from north of Chablis to the outskirts of Lyons.

The serious business, however, is done on the exceedingly drawn-out, Sunday-afternoon auction of the new wines of the Hospices de Beaune. This is preceded in the Hospices cellars by a tasting, open initially only to the elect, who might be buyers; though, in the event, few are. For most people, particularly the outsiders, French and foreign, this is the first chance to estimate the quality of the latest vintage, difficult though this is for all but the local experts.

This year, after an exceptionally early vintage, the wines were rather easier to taste than usual. Most of the white were clear, and the reds were splendidly deep-coloured. Indeed for those accustomed to attend regularly this pre-sale tasting, it was clear that 1976 is the best vintage for some years.

For in the Côte d'Or one has to go back to 1971 for the reds and 1973 for the whites to find such good wines. Welcome though this may be for burgundy drinkers, among the merchants and other buyers in Beaune this aroused some pre-auction apprehension. For no one has forgotten 1972 when no fewer than 750 casks (=25 doz. bottles apiece) averaged Frs. 10,000 apiece, compared with Frs.8,600 in 1971, a better all-round vintage. It is not that the Hospices wines, drawn exclusively from the hospital properties in the Côte de Beaune, are the finest, but they are usually well-made, and of course have a publicity value.

The false optimism stimulated by the excessive 1972 prices, and to some extent by those realised in 1973 was followed by the Côte d'Or's worst slump for years. For buyers refused to accept them.

## Invader

The high prices at these two earlier auctions were partly paid by an invader: Messrs. August Barnett of London who bought over 100 casks in 1972 and more than 150 in 1973. This year Beaune has faced another invader: M. Henri Maire, proprietor of large, rolling vineyards on the flanks of the Juras. Recently M. Maire bought a restaurant in Beaune and furbished it up in the style of his Arbois showplace, a favoured coach-party venue. Now his Jura wines actually adorn his shop-window in Beaune's main square, almost as painful a sight to the Burgundians as if an assortment of classed-growth bordeaux were on display.

As M. Maire wishes to establish himself as a Burgundy merchant too, what better publicity setting than the Hospices sale? And, it was alleged, he was particularly set on challenging the firm of Patriarche, which for a great many years has made a point always of securing always the opening lots, specially subject to television and press coverage; and last year Patriarche bought more than a third of all lots.

Certainly this time M. Maire broke the Patriarche monopoly for the first lot; but though he bid vigorously at intervals throughout the auction, his total bag was only 37 casks out of 559 sold, along with some of the *marc de bourgogne*, distilled from the previous year's grape-skins. Patriarche bought 57 hogsheads.

Prices were not as high as some commentators have suggested. Though the sale yielded Frs. 5.57m., with an average price per cask of Frs. 9,949, compared with Frs. 7,263 last year, the 1976 vintage is infinitely superior, particularly for the reds, predominant in the Hospices' properties; and the average price was slightly below the 1972 total, in spite of inflation that has raised production costs by 15-20 per cent. a year.

Certainly foreign buyers were more prominent this year than last, led by the Swiss, Belgians and Germans. There were several U.S. purchasers, compared with none last year, and three or four from the U.K. as against only one in 1975.

The top prices per cask were given for the Beaune Nicolas Rolin (Frs.12,700), Corton Charlotte Dumay (Frs.12,700) and Corton Dr. Peste (Frs.12,600). All were generally judged to be excellent wines. As usual the top price of all was given for the white Corton Charlemagne François de Salins (Frs.15,100), but this compared very poorly with the Frs.50,000 paid the previous year, and Frs.30,000 at earlier sales; but then the local experts were not all over impressed with it.

Generally these good but not exceptional prices were received with relief by the local merchants, for the sought-after '76s are already dear enough. Although strictly irrelevant, if the Hospices prices had been sensationally high, the growers would have been encouraged to adjust even higher their prices, already increased since the first offers. The problem for Burgundy drinkers here in Britain is, of course, the diminished pound. If, as many Burgundy shippers believe, the franc will slip too in relation to sterling, we shall have better hopes of enjoying in due course the fine, probably long-lasting 1976s.

# TV Radio

† Indicates programme in black and white.

## BBC 1

9.38 a.m. For Schools, Colleges. 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mary, Mungo and Midge. 2.30 For Schools, Colleges. 3.25 Fo A Fe. 3.53 Regional News (except London). 3.55 Play School. 4.20 Huckleberry Hound. 4.25 Jackanory. 4.40 Animal Magic. 5.00 John Craven's Newsround. 5.10 The Great Grape Ape Show. 5.35 Ivor the Engine.

5.40 News.
5.55 Nationwide.
6.40 The Osmonds.
7.10 Gemini Man.
8.00 It Ain't Half Hot Mum.
8.30 Mastermind.
9.00 News.
9.25 The Emigrants.
10.40 To-night.
11.15 Orpheus With His Lute: film profile of Sir Hugh S. Roberton.
12.15 a.m. Weather / Regional News.

*All regions as BBC 1 except at the following times:*

Wales—5.55-6.20 p.m. Wales To-day. 6.40 Heddiw. 7.05 Campus! 7.30-8.00 Cawl a Chan. 12.15 a.m. News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 6.40-7.10 The Songs of Scotland. 12.15 a.m. News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. Northern Ireland News. 5.55-6.20 Scene Around Six. 6.40-7.10 One Night Stand. 8.30-9.00 Spotlight on Northern Ireland affairs. 10.40 Mastermind. 11.10 Orpheus With His Flute (profile of Sir High S. Roberton). 12.10 a.m. News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Look East (Norwich); Points West (Bristol); South To-day (Southampton); Spotlight South West (Plymouth). 6.40-7.10 North (Leeds) Close Up North; North West (Manchester) The Valley; North East (Newcastle) Looks Natural; Midlands (Birmingham) Rally; West (Bristol) The Quiz Game; South West (Plymouth) Peninsula; South (Southampton) The Getaways; East (Norwich) Question 4.

## BBC 2

11.00 a.m. Play School.
2.30 p.m. Trade Union Studies.
3.00 Looking At Documentary.
3.30 Peter Donaldson's Illustrated Economics.
7.00 News on 2 Headlines.
7.05 Zarabanda.
7.30 Newsday.
8.15 Floodlit Rugby League for the BBC 2 Trophy.
9.00 Oneupmanship.
9.30 Perry Como's Spring In New Orleans.
10.15 Rainbow Over The Thames: Festival of Britain 1951 (a review 25 years later).
11.05 Late News on 2.
11.15 The Old Grey Whistle Test.
11.55 Closedown: Jill Balcon reads "Warning," by Jenny Joseph.

## LONDON

9.30 a.m. For Schools. 10.40 Hammy Hamsters Adventures on the Riverbank. 11.00 For Schools (continued). 12.00 Issi Noho. 12.10 p.m. Hickory House. 12.30 Making Things Do. 1.00 News plus weather and FT index. 1.20 To-day's Post with Allan Hargreaves. 1.30 The Cedar Tree. 2.00 Good Afternoon. 2.25 Sam. 3.20 Looks Familiar. 3.50 Emmerdale Farm. 4.20 The Arrows. 4.45 Magpie. 5.15 Out Of Town.

5.45 News.
6.00 To-day.
6.35 Crossroads.
7.00 The Six Million Dollar Man.
8.00 The New Avengers.
9.00 Dickens of London.
10.00 News.
10.30 Tuesday Thriller: "The Beast In The Cellar," starring Beryl Reid and Flora Robson.
12.10 a.m. Lost Dog.
12.25 Close: Julian Batterby reads from the letters of Vincent Van Gogh.

All ITV regions as London except at the following times:

## ANGLIA

1.25 p.m. Anglia News. 2.00 Houseparty. 5.15 The Muppet Show. 6.00 About Anglia including Police Call. 10.30 The Collaborators. 11.30 Angling To-day. 12.00 Night Gallery. 12.30 a.m. Anthology.

## ATV MIDLANDS

1.20 p.m. ATV Newsdesk. 5.15 ATV To-day (part 1). 6.00 ATV To-day (part II). 7.00 Pepe le Pew. 7.05 The Tuesday Movie: "Hurricane." 8.30 Sez Les. 10.30 The World of Miss World. 11.45 Angling To-day.

## BORDER

†1.20 p.m. Border News. 2.00 Houseparty. 6.00 Border News and Lookaround. 7.00 Cartoon Time. 7.05 Mystery Movie: "Money to Burn." 8.30 Sez Les. †10.30 TV Movie: "The Love Goddesses." 12.00 George Hamilton IV. †12.30 a.m. Border News Summary.

## CHANNEL

†1.20 p.m. Channel Lunchtime News and What's On Where. 5.15 Around the World in 48 Hours. †6.00 Report at Six. 7.00 Sez Les. 7.30 Cartoontime. 7.35 The Tuesday Movie: "Firehouse." 10.30 The World of Miss World. †11.55 Commentaires et Previsions Meteorologiques.

## GRAMPIAN

1.20 p.m. Grampian News Headlines. 5.15 Breaktime. 6.00 Grampian To-day. 6.05 Out of Town. 7.00 Sez Les. 7.30 The Odd Couple. 8.00 Scotland's Greatest Hits: "A Show for St. Andrew's Day." 12.10 a.m. Evening Prayers.

## GRANADA

1.20 p.m. House of Treasures. 5.10 This Is Your Right. 5.15 Crossroads. 6.00 Granada Reports. †6.35 The Beverly Hillbillies. 7.05 Sez Les. 7.35 The Tuesday Movie: "The Hatfields and the McCoys," starring Jack Palance. 10.30 Hawkins. 11.50 Maude.

## HTV

1.20 p.m. Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. †5.15 Breaktime 3. 5.20 Crossroads. 6.00 Report West. 6.18 Report Wales. 6.35 Mr. and Mrs. 7.05 The Tuesday Western: "Gun for a Coward," starring Fred Macmurray. 10.35 Police Story. 11.35 Phyllis.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Miri Mawr. 4.25-4.45 Wsilbethna. 6.00-6.18 Y Dydd. 10.35 Hamdden. 11.35 World in Action.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.18-6.35 Report West.

## SCOTTISH

†1.25 p.m. Road and Weather Report. 2.00 Houseparty. 5.15 Callimero. 5.20 Crossroads. 6.00 Scotland To-day. 6.30 Write to Isabel. 6.40 TV Movie: "The Magician." 8.00 Scotland's Greatest Hits. 10.30 Scotland Today—Devolution Special. 11.05 Sez Les. 11.35 The Streets of San Francisco.

## SOUTHERN

1.20 p.m. Southern News. 2.00 Houseparty. 5.15 Sinbad Junior. 5.20 Crossroads. 6.00 Day by Day including Southsport. 7.00 "Destination Gobi." 8.30 Sez Les. 10.30 Night Strangler. 12.05 a.m. Southern News Extra.

## TYNE TEES

9.25 a.m. Starting Point. 1.20 p.m. North East News and Lookaround. 5.15 Batman. 6.00 Northern Life. 7.00 Cartoon Time. 7.05 Columbo. 8.30 Sez Les. †10.30 The Tuesday Film: "The Love Goddesses." 12.00 Epilogue.

## ULSTER

1.20 p.m. Ulster News Headlines followed by Lunchtime. 2.00 Houseparty. 3.48 Ulster News Headlines. 5.15 Breaktime. 6.00 UTV Reports. 7.00 Tuesday Movie: "Destination Gobi," starring Richard Widmark. 8.30 Sez Les. 10.30 The Streets of San Francisco. 11.30 Angling To-day.

## WESTWARD

12.25 p.m. Gus Honeybun's Birthdays. 1.20 Westward News Headlines. 5.15 Around the World in 48 Hours. 6.00 Westward Diary. 7.00 Cartoontime. 7.05 Tuesday Movie: "Chase." 8.30 Sez Les. 10.30 The World of Miss World. 11.52 Westward Late News. 11.55 Faith for Life.

## YORKSHIRE

1.20 p.m. Calendar News. 5.15 Harriet. 6.00 Calendar (Emsley Moor and Belmont editions). 7.00 Cartoon Time. 7.05 Columbo. 8.30 Sez Les. †10.30 "The Love Goddesses."

## RADIO 1 247m

(S) Stereophonic broadcast

6.0 a.m. As Radio 2. 7.00 Noel Edmonds. 9.00 Simon Bates. 12.00 Paul Burnett: New Top 30 Discs, including 12.30 p.m. Newsbeat. 2.02 Party Political Broadcast on behalf of the Conservative Party. 2.07 David Hamilton (S) (also on VHF). 4.30 It's D.L.T. OK! 5.45 Newsbeat. ...

## RADIO 2 1,500m and VHF

6.00 a.m. News Summary. ... O'Byrne ... Thought ...

## RADIO 4

434m, 330m, 285m and VHF

## RADIO 3 464m, Stereo & VHF

6.55 a.m. Weather. 7.00 News. ... Overture ... Concert ... Composer ... University ... Debussy ... Concert ...

... (S). 12.20 p.m. Cardiff Midday Prom, part 1: Beethoven, Rachmaninov (S). 1.00 News. 1.05 The Arts Worldwide. 1.20 Cardiff Midday Prom, part 2: Sibelius (S). 2.10 Schumann's Piano Music (S). 3.10 A Little Light Music (S). 3.55 Folk Song and the Concert Singer (S). 4.40 The Composer in Jazz, part 6: Gil Evans (S). 5.25 Recorder Sounds (S). 5.45 Homeward Bound (S). 6.05 News. ...

... 7.00 News. 7.05 The World in Focus. 7.30 The Good Old Days Are Just Around The Corner. 8.00 Katmandu for Christmas. 8.45 With Great Pleasure: Arthur Lowe chooses poetry and prose. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World To-night. 10.45 A Book at Bedtime. 11.00 The Financial World To-night. 11.15 To-day in Parliament. 11.30 News.

For Schools (VHF only) 9.05 a.m.-12.00 ...

## BBC Radio London

206m and 94.9 VHF

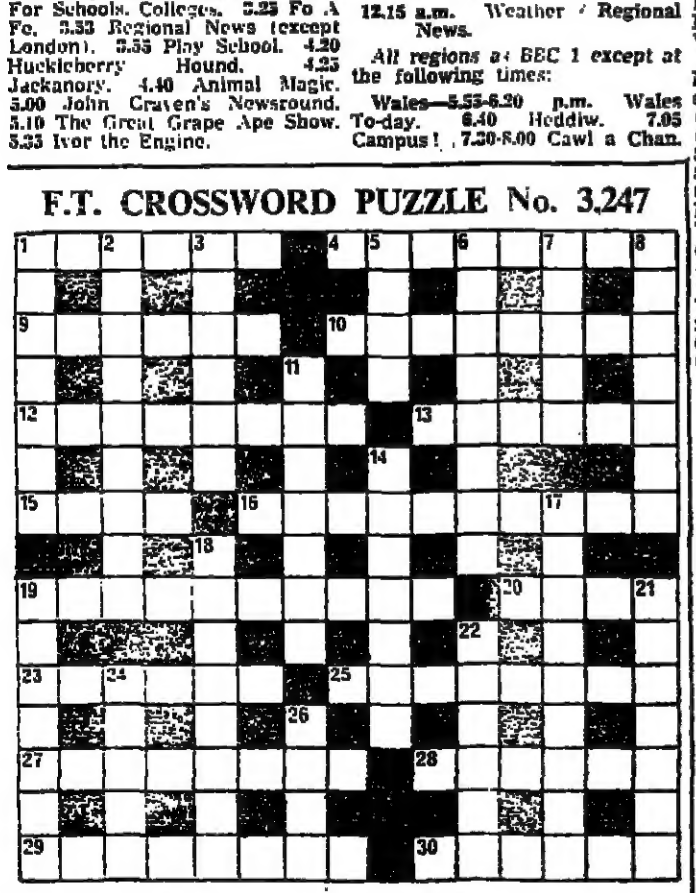
## London Broadcasting

261m and 97.3 VHF

## Capital Radio

194m and 95.8 VHF

## F.T. CROSSWORD PUZZLE No. 3,247



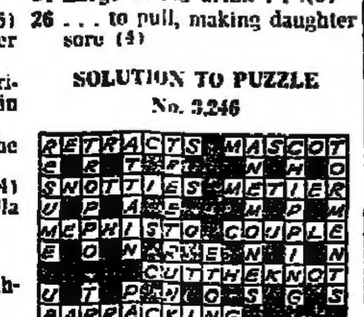
ACROSS

1 I grin about the likeness (6)
4 Displayed notice inside and followed (8)
9 Soldiers with notice to leave office (6)
10 Confess about duck theft . . . (8)
12 . . . and duck accepting oriental drink, being abstemious (8)
13 Fool he follows in dress (6)
15 Greeting in a cold shower (4)
16 Clenched hand is receiving a blow in boxing (10)
19 Left the last word to the Board—it's pitiful (10)
20 Catch horse from the south (4)
23 The dimensions of a book (6)
25 Creative type produces poster in lawn (8)
27 Soldiers, English and American attempt to make entry in an office (8)
28 Share three-quarters of the dividend (6)
29 Reject a type of collar (4-4)
30 Talk about the French villa (6)

DOWN

1 Flesh wound meaning withdrawal from race (7)
2 Hypnosis summers me down in a way (9)
3 A great number have a limb with one on (6)
5 Dislike heat being altered (4)
6 Impasse reached with obsolete wrestling hold (8)
7 Be quiet! It's a game! (5)
8 Soldier turns up in uniform to introduce irrelevant matter (7)
11 Wise men state it's wonderful (7)
14 Stopped and played for time (7)
17 Times now being studied? (9)
18 Not entertained—like Queen Victoria? (8)
19 Young animal always allowed outside (7)
21 Grant me change for clothing (7)
22 Terminate angle about Northern Ireland (6)
24 Large mixed drink . . . (5)
26 . . . to pull, making daughter sore (4)

SOLUTION TO PUZZLE No. 3,246



# Executive changes at TBM

Mr. John F. Williams, vice-chairman of THAMES BOARD MILLS, is to become chairman from December 1. He will succeed Mr. J. S. Curtis who retires at the end of this month. Dr. S. W. Kingsnorth will become production director with responsibility for the board mills at Purfleet, Warrington and Workington in place of Mr. Williams. Also from that date Mr. P. L. Whiting will be supplies director, responsible for the purchasing and waste paper divisions, and he will be succeeded as general manager, waste paper division, by Mr. R. L. L. Davis.

★

E. MERCK has appointed Dr. A. J. Cooper, medical director, and Mr. H. H. Clarke, financial director BDH, to the Board.

★

Mr. Alan Richardson, contracts manager of KENNETH NEEDS (CONTRACTORS), will join the Board from January 4.

★

Mr. D. Young has been appointed a director and general manager of BRICO ENGINEERING and Mr. W. Wood becomes sales director from December 1. The company is a member of the Associated Engineering Group.

★

Mr. Ian Barter has been appointed a director of UNIGATE. He has been with the group for 16 years.

★

Mr. J. Field has been appointed a director of CRODA AGRICULTURAL in London, with special responsibility for edible fats.

★

Mr. Richard Raworth has become deputy chairman of HESTAIR and Mr. Norman Parker has been appointed to the Board.

★

Mr. J. M. Pearson has been appointed managing director of TECHNE. He has been with the GEC group for the past five years.

★

Mr. Russell Hawkes has joined the industrial development unit of the DEPARTMENT OF INDUSTRY as a deputy director. He is a partner of Spicer and Pegler and is on secondment to the Department of Industry for a two-year period.

CHAMPAGNE

Dry Monopole

Heidsieck & Co.

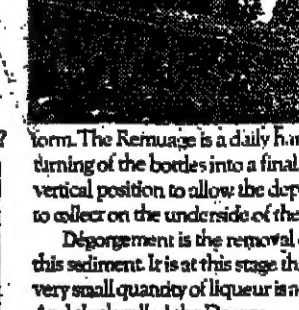
MAISON FONDÉE EN 1785

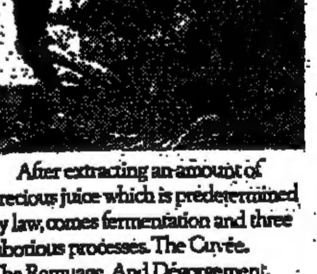
the Champagne that tells its own story.

Everyone talks of champagne. But no-one talks *about* it. Where it comes from. What processes it goes through. What special qualities it has to have.

Dry Monopole, as one of the Grandes Marques, wants to tell you its life story. Carefully. Painstakingly. Because that's just the way it's made.

Did you know, for instance, that champagne owes much of its flavour to the very soil the vines grow on? And did you know that champagne is made from both white and black grapes?





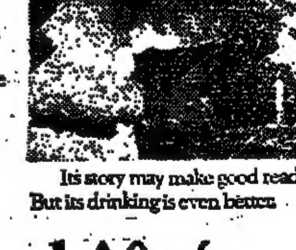
After extracting an amount of precious juice which is predetermined by law, comes fermentation and three laborious processes. The Cuvée. The Remuage. And Dégorgement.

Each process is carried out by hand. By connoisseurs who jealously guard the secrets of their company. The Cuvée is the blending.

The Remuage comes after the second, much slower, fermentation process, which, over the course of 3, 4, or even 5 years, causes a deposit to form. The Remuage is a daily hand-turning of the bottles into a final vertical position to allow the deposit to collect on the underside of the cork.

Dégorgement is the removal of this sediment. It is at this stage that a very small quantity of liqueur is added. And that's called the Dosage.

Then and only then is it champagne. Dry Monopole is then prepared to go out into the world. As a mature, lightly sparkling, delicate-tasting, Grand Champagne.

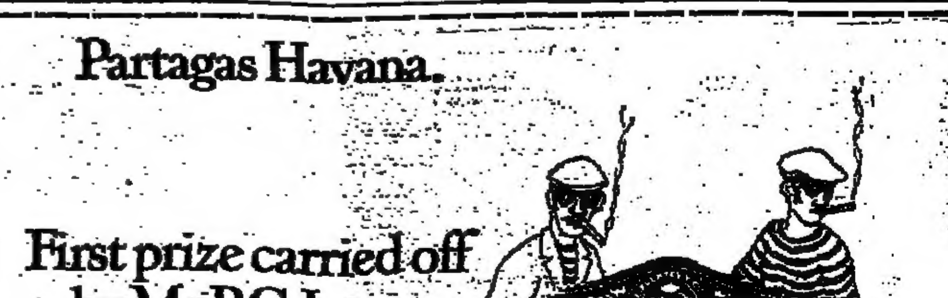


Its story may make good reading. But its drinking is even better.

Bouchard Aîné

13 Eccleston Street, London SW1. Telephone: 01-235 3661.

Partagas Havana.



First prize carried off by Mr P.C. Jenner.

Our congratulations to Mr P.C. Jenner of Tunbridge Wells for his winning entry in the Partagas Doodle Competition.

50 fine Partagas Havanas are on their way to him, and 20 runners-up will each receive prizes of 10 Partagas cigars.

To all the unlucky losers our thanks. May we suggest you console yourself with a Partagas cigar, on sale at most good tobacconists?

The connoisseur's cigar.

**Book review**

# Stars danced

by CLEMENT CRISP

The usual seasonal tide of dance books is here, heralding the descent of parents and benevolent relatives into bookstores in Advent search of a suitable gift for the dancing young. There is a good choice this year, the most popular of which, I should hazard, will be Alexander Bland's **The Nureyev Image** (Studio Vista: £8.95; 288 pages; 300 illustrations). This is an affectionate portrait and assessment of *the* star, well written and well illustrated. It handsomely presents a man who has set his extraordinary mark on the entire ballet world: admire him or not, he is a force of nature, and the book goes a long way to explaining the fascination he holds for much of the public.

A different approach to Nureyev comes in John Percival's **Nureyev** (Faber and Faber; £5.95; 260 pages; 32 pages of illustrations). Subtitled "Aspects of a dancer," it is a careful and characteristically accurate portrait written, again, with great affection for the subject.

Alexander Bland is also responsible for another book: **A History of Ballet and Dance** (*Barrie and Jenkins: £7.95; 192* pages; extensively illustrated, with 30 colour plates). This is coffee-table history, less well-written than The Nureyev Image and rather breathless—like its front-cover which shows the inescapable Mr. N. panting into Dame Margot Fonteyn's leotarded stomach. The need to cover so vast a subject has led to generalisation rather than detail, inelegancies of expression (I can't accept "the famous composer Tchaikovsky"), and too many inaccuracies in date and data. Much of the matter, though, is cleverly organised and there are copious and imaginative illustrations: it is a good-*looking book, and good value for* money.

Alternative stars for Christmas come in **Sibley and Dowell** (Collins, £9.50, 224 pages), a book of photographs by Leslie Spatt, with an introductory text by Nicholas Dromgoole framing a long series of conversations by the hero and heroine in which they discuss the minutiae of their careers. At the moment of writing, both Sibley and Dowell are alas injured and not dancing—their myriad admirers will welcome this opportunity to relive their interpretations, and refresh their memories about beautiful English classic dancing.

A different, and welcome book is Richard Austin's **Birth of a Ballet** (Vision Press: £4.20; 159 pages; 8 plates; 21 line drawings) *which charts the creation of* Christopher Bruce's **Black Angels**, staged earlier this year by Ballet Rambert. The ballet is a fascinating piece, and Mr. Austin's detailed study tells much about the agonies and ardour of the work in the studio when a ballet is being made.

## First overseas tour by BBC Scottish Symphony Orchestra

For the first time, the BBC Scottish Symphony Orchestra is to undertake a short overseas concert season—as guests of the 1977 Hong Kong Arts Festival in February.

Martin Dalby, BBC Scotland's head of music, says: "It is a great honour for BBC Scotland that its orchestra is internationally recognised and we look forward to bringing a flavour of Scotland to the Far East."

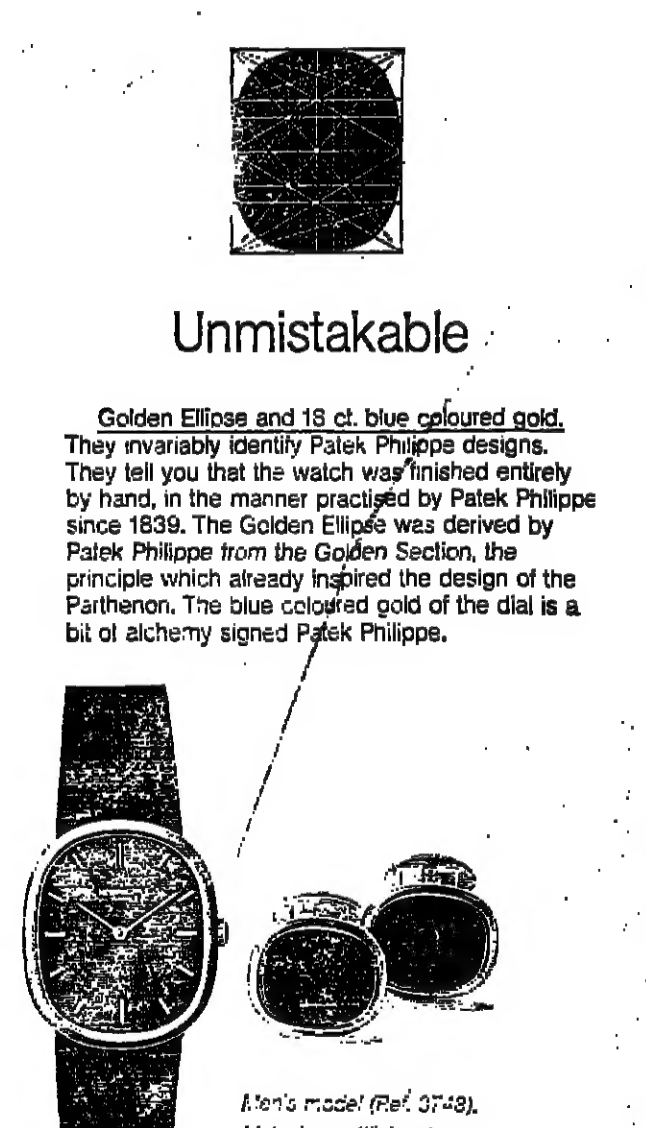
The party of nearly 100 will leave Glasgow airport on Sunday February 20, and return on Monday, March 7. Between these dates, they will perform eight concerts in Hong Kong.

Among the soloists appearing with the SSO will be Victoria de los Angeles, Thea King and Pierre Amoyal.

The final concert of the series will be reminiscent of "The Last Night of the Proms," including Arnold's Scottish dances, Elgar's *Pomp and Circumstance March No. 1* and *Sea Songs* arranged by Sir Henry Wood.

## G & S at Sadler's Wells Theatre

The D'Oyly Carte Opera Company returns to Sadler's Wells Theatre this winter with ten Gilbert and Sullivan operas. The season will open on Monday, December 20 and close with the traditional mystery night on Saturday February 26.





**Anthony D'Offay/Parkin Gallery**

# Nash and Roberts

by WILLIAM PACKER

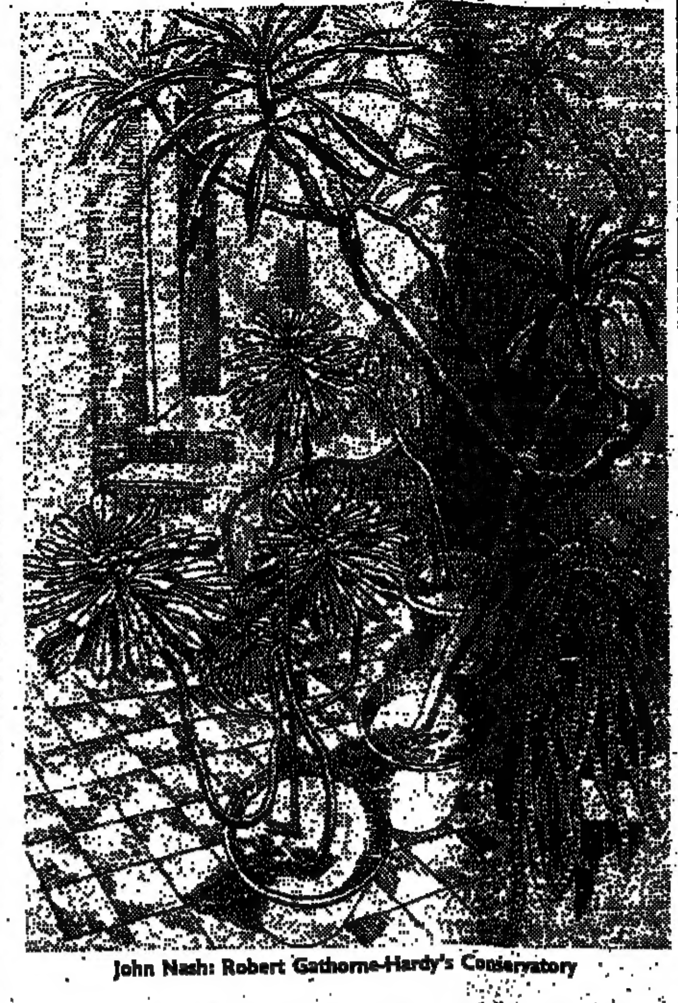
The Royal Academy has long suffered from its reputation, not altogether undeserved, as the final repository of the undistinguished, the inept and the meretricious: and indeed within the ranks of its members there have always been those whose work it would be kindest to ignore. But the generalisation is, as it has always been, unfair: for, even during the worst times, there have been amongst them artists, out of fashion and critical favour perhaps, of real distinction, whose work is worth unprejudiced consideration.

To-day the Academy is more lively, though in desperate financial trouble, than it has been for many years, and sensibly adventurous in its elections: yet the accession of new blood should not blind us to the worth and achievements of senior members, easily overlooked in the present circumstances but by no means inferior. They include artists such as Edward Ardizzone, Rodney Burn and Gilbert Spencer, and Allan Gwynne-Jones, who deserves far more attention that he has ever received. And also there are William Roberts and John Nash who are showing co-incidentally in London galleries at the moment.

John Nash's entire career as a painter has been spent in the shadow of his elder brother, Paul, to whose work his own is indeed similar in many respects. It shares the same preoccupation with landscape, observed with the same quiet and gently surrealistic intensity. But then a family resemblance is only to be expected, and does not imply submissive imitation. The differences between them are clear: where the one is expansive, experimental and ambitious, the other is constrained, straightforward, and modest in scope.

The close, consistent, cool and intimate view of the natural world is John Nash's most characteristic disposition, always choosing the smaller rather than the larger scale, the immediate rather than the distant object. And so it is hardly surprising that still-life and more particularly plants and flowers should have remained an abiding interest over what is now rather more than sixty years.

The exhibition now at Anthony d'Offay, where it remains until December 10, is given over to his studies of plants and flowers, in pencil, water-colour and ink, and engraved in wood, work that spans every decade since the time of the Great War. Many of them are simple botanical drawings, spread out and isolated on the page, the particular detail further picked out in colour. The line is ever clean and incisive, so deliberate and well-judged, qualities as typical of the earliest as of the latest works. And invariably they are beautiful. Drawings and paintings of flowers have popped up in unusual numbers this autumn, yet the repetition does not spoil the treat: this small show affords a great deal of pleasure.



John Nash: Robert Gathorne-Hardy's Conservatory

Michael Parkin's current exhibition (until December 4) is of the work of another distinguished veteran, William Roberts, one of the most single-minded, and indeed singular, of painters. He is the last survivor of Vorticism a kind of Cubist, a somewhat literary and decorative Cubist, who found his way of looking at the World in about 1920, and has painted it thus ever since. The re-discovery and subsequent critical re-habilitation of Vorticism, that have taken place in recent years, have altered our view of the English avant-garde just before the Great War. Far from being mere provincial fellow-travellers, the artists involved, of whom Roberts was one, are now seen to have made a distinct, if short-lived, contribution at a crucial period.

Roberts' best, his most exciting and significant work was made at this early date: afterwards he went his own way, modifying his imagery, making it less abstracted, less extreme, and far closer in feeling to such figurative idiosyncratics as Stanley Spencer, his subject a curiously pneumatic suburban domesticity.

The influence of Wyndham Lewis hung over him for a while, bringing with it a whiff of urgency and polemical engagement, and a fainter but lasting suggestion of Léger's formal influence: but it soon became obvious there was no one like him. Which is not to say that he became of no consequence. The stubborn integrity of the work alone commands respect, besides its technical consistency, and the strangely authoritative imagery.

After all, the values of painting are not exclusively art-historical. This small show is fascinating and even important, a fair and comprehensive retrospective, with many items from the transitional period during and just after the Great War.

**Liverpool School of Language, Music, Dream and Pun**

# Illuminatus! by MICHAEL COVENEY

Ken Campbell has done many extraordinary things in the theatre, but no project even of his surpasses in ambition and originality this sequence of five plays based on a trilogy of American pulp science-fiction novels by Robert Shea and *Robert Anton Wilson*. We happy few of cast, friends, journalists and sci-fi freaks gathered in Mathew Street at 9.30 on Sunday morning to experience the complete cycle.

Mathew Street is the scene of the Cavern, where the Beatles are commemorated with a gaudy sign and a plaque which says "Four Lads Who Shook the World"; another plaque by the entrance to the School reads: "Liverpool is the Pool of Life." C. G. Jung, 1927.

As manipulators of musical taste and the style of a generation, the Beatles could well be members of the Illuminati, a blanket term for the forces that rule the world and direct its impulses. They are every secret society that ever existed and they are liable to take *full* revenge on any attempt either to challenge their supremacy or even understand how they work. They are responsible for all political assassinations and all international conspiracies. Drama is therefore to be had in pitting gullible humans with a spirit for adventure against the tidal wave of their influence.

This is how the books, and the show start. Ken Campbell's recent work in the theatre has been moving towards such realms of speculative science-fiction, testing the phenomena of synchronicity ("When you start looking, you find it everywhere," *Illuminatus* Part 1, Page 171) and co-incidence with stage invention and narrative fable.

*The Great Caper* at the Royal *Court a couple of years ago* dealt with the search for the Perfect Woman across continents through walls and in racy conversation; and two shows for the Nottingham Playhouse, *Bendigo* and *Walking Like Geoffrey*, were rumbustious yarns full of tricks, jokes and wacky characters. *Illuminatus* begins with Saul Goodman, a New York cop who thinks faster than he talks, investigating a strange disappearance of the editor of Confrontation magazine, a broadsheet of the libertarian Left. The offices, too, have been blown up.

Goodman and his bloodhound sidekick, Barney Muldoon, discover a boxful of memos to the editor about the *Illuminati* and begin their dangerous voyage of discovery. Meanwhile, an investigative reporter, George Dorn, is on assignment from Confrontation in Mad Dog, Texas. This well-meaning but impressionable Robin figure is soon to find his Batman in the shape of the mad, extravagant Hagbard Celine. While masturbating in a prison cell, George is interrupted by a beautiful guerilla girl with a machine-gun; Mavis is to bring George to Celine's yellow submarine (stopping en route to seduce him on a public beach and blow up the prison); the vessel is bound for Atlantis and a desperate sea-*battle with Illuminati agents*. The editor, too, has been appropriated by Celine, but why? Hagbard Celine is not as independent as he seems nor are the Illuminati so foolish as to have neglected to own their enemies.

The show is presented with a startling and highly effective economy. Chairs, beds, and rooms are on a smaller scale than in reality, a trick that works beautifully throughout but especially in the Texas prison; and, at the end of the third play, Dutch Schultz jabbers insanely in a hospital ward and remembers more than he should know. (This stage presentation of paranoia was of particular interest to science-fiction author Brian Aldiss, one of our number throughout the day and a great believer in the potential of the theatre *that has shaken off the shackles* of social realism.)

The Dutch Schultz interlude follows another paranoid breakdown, that of a powerful businessman whom Celine wants George to check out on the politically contested island of Fernando Poo. Again, marvellous stage images: of undercover agents with their own jungle bush scrambling each other's messages with crossed lines and innaccurate information: an American soldier shooting himself in a scene played from the waist up behind a glass window; H. P. Lovecraft in a dressing-gown confessing that he knows about the Illuminati but would never dare say anything in his books.

The Entertainment Guide is on Page 14

Almost every word spoken in all five plays is taken from the novels; but the choice of material made by Mr. Campbell and his collaborator, Chris Langham, is remarkable for its stageworthiness. Hilarious episodes abound: there is the initiation of Paul Goodman into a secret society at a black mass supervised by one Padre Pederastia; the under-water battle with Doctor Who-effects and the co-operation of Howard, the singing dolphin; George's encounter with a naked belly-dancer who specialises in bringing all men to orgasm quickly and often (her efforts end with her disappearing through George's small bed); the sudden appearance at a pop concert of a clean-cut quartet in white judo outfits calling themselves the American Medical Association.

The fourth play is, in fact, in the form of a pop concert, and for the first time, the narrative threads start fraying a little. And by the time we arrive at the final play, we have been denied any decisive revelation about the *Illuminati*, and, more importantly, any outright dramatic statement of victory and defeat. Instead, the characters involved in the cycle, and a few who are *completely* new, *come on one by* one to say good-bye. There is a long speech about the Kennedy assassinations and Aristotle Onassis that recapitulates the themes of the day but does not serve them dramatically.

These, however, are quibbles and quite likely to be sorted out over the next couple of weeks. The work remains an astounding testament to what can be achieved on a minimal budget with the right man in charge. I have not seen anything on the English stage this year that begins to compete with it as an inspired and original investigation of a totally new form of theatre. And Mr. Campbell has put the whole thing together on £4,000 from the Arts Council and a few encouraging half-promises of a bit more to pay the actors.

And what a cast! Chris Langham is delightful as the reluctant investigative reporter; Neil Cunningham, incisively suave and power-crazy as the strange Hagbard Celine; Prunella Gee, sexy and hilarious as Celine's girl-Friday; John Joyce, baffled and nostalgically rain-coated as the old movie-style cop; and there are unfettered contributions from a host of local talent, including a sensational black female singer at the pop concert, and the gloriously ingenious designs of Bill Drummond and a band of art students under the direction of Dinah Dossor.

The complete cycle is scheduled for performance on the coming three Sundays, and, after Christmas, on January 2. In between, the five plays are to be given in rotation under their separate titles: *The Eye in the Pyramid*, *Swift Kick Inc.*, *The Man Who Murdered God*, *Walpurgisnacht Rock* and *Leviathan*. As we reeled out of the tiny theatre at 10.30 on Sunday night and repaired once more to the Cockscrew Wine Bar (open all day for those wearing a badge proclaiming membership of the League of Dynamic Discord) we knew that if the *Illuminati* remained predictably unvanquished, we at least had been part of an exciting dream that was, perhaps, only just beginning.

Meanwhile, back in the world of conventional theatre, the Liverpool Playhouse is packing them in with *The Lion in Winter* and, in the Playhouse Upstairs, a superb production by William Gaunt of Ted Whitehead's *The Foursome* is reminding the city's young married couples of how they edged towards each other in the hazy, carefree Sunday afternoons of the mid-1960s. The play stands up as a small masterpiece of social observation and scathing dialogue.

**Grand Theatre, Leeds**

# Welsh National on tour

by RONALD CRICHTON

*Boris Godunov* in the original version, followed on successive nights by the recent productions of *Orpheus in the Underworld* and Tippett's *The Midsummer Marriage*, promised the kind of stimulating combination for which one scans foreign summer festival programmes, bending schedules this way and that. This, however, was not Salzburg or Zurich with festival flags flying, but part of Welsh National Opera's autumn tour, during which four or five works were given in each city—Leeds saw a different opera every night (the two I missed were *Il trovatore* and *The Seraglio*) and the Grand Theatre was sold out for the entire week.

The Welsh *Boris* is a reproduction (scenery and costumes were destroyed in the recent fire) of John Moody's justly praised staging of Mussorgsky's 1874 version, using the edition and English translation of David Lloyd-Jones published last year by Oxford University Press. Hearing Mussorgsky plain after years of the Rimsky-Korsakov reworking, imposed by the vanity *of pseudo*-Shaliapins, the sleepy consciences of managements and gramophone companies, is like spring water after an artificial fruit drink. Rimsky's satin gloss is very well in the right place—meaning his own operas, which we hear so rarely. In *Boris*, the smoothing-out and toning-down are an offence against the truth which was Mussorgsky's ideal.

Richard Armstrong and the Welsh Philharmonia gave the rough, irritant quality of the scoring with devotion and also keen intelligence — Mussorgsky unadulterated is not foolproof, and in dull hands the series of episodes which make up his chronicle can easily lose impetus. It did not happen here: with the aid of the excellent translation, the pitiful story unrolled swiftly and absorbingly. Forbes Robinson's Boris is a strong, eloquent centrepiece, never degenerating into a selfish star performance. The augmented chorus rightly preferred clarity and expressiveness to sheer volume: the off-stage singing was secure and carefully graded. John Moody's ungimmicky production excels in the qualities (underrated nowadays) of clear outline and faithfulness to the score. The violence of the Revolution scene is underplayed, but the more important sense of flux and reflux and public turmoil was exactly caught. One day, perhaps, there will be money for some festival performances of the complete *Boris*, with the Polish act and the St. Basil scene included.

*Orpheus*, new to Cardiff last August (and reviewed here at the time), was staged for WNO by Louis Ducreux and his team of designers and choreographer from Nancy—the conception has a settled, routined feel that suggests they have done it before. An Offenbachian Underworld with so little harum-scarum and board farce is certainly a change. I wonder if anyone has ever heard so many of the notes (they are well worth hearing) as in Julian Smith's slightly academic, unbending but extremely attentive conducting. Of the restored dance numbers, only the Ballet Of The Flies now remains. Very welcome it is, not only for the music (Offenbach evidently had that gift of instinctive sympathy for the movements of classical dance granted only to a few composers), for the effective and quite stylish choreography of Gigi Caciuleanu, and for the production's happiest set and costumes. The Welsh dancers, who sensibly avoid the gloomy title "movement group," perform the little ballet with verve and lightness. I can't forbear from mention of Helen Field's Eurydice, so pretty, so supple and radiant at the top of the voice.

The particular glory has been the success of *The Midsummer Marriage*, the first opera to sell out, it appears, in a tour notable for good attendances — a different story indeed from the time, not so long ago, when Tippett's masterly opera needed an avalanche of apology and advocacy. Ian Watt Smith's production (first seen in Cardiff in September) has settled down well. The larger stage at the Grand shows everything to better advantage—more room for the dances which are an essential part of the work, extra distance to increase the mystery and tone down the formerly strident colours of Ralph Koltai's remarkable set. The cast is unchanged, the chorus as buoyant as ever. Richard Armstrong's conducting and the playing of the Welsh Philharmonia are now even more distinguished for brilliant attack, for delicacy in the "magic" passages, for the complete absence of the E-string nerves that understandably tend to attack orchestral violinists in this and other scores by Tippett. A splendid achievement.

An achievement, moreover, that goes beyond the belated acceptance of a once-controversial British opera. Here was a rightly admired subsidised company which thrives, not on international guest stars (though they come from time to time) but on ensemble work, playing five operas in a row to full houses in a city which many people hope and intend will in the not too distant future be the base of another permanent company. There may be a hundred reasons why this can't be done now, but nobody can say that the interest isn't there. And Leeds has a trump card in the Grand Theatre, not too large or too small, with (at least from a side seat in the back row of the stalls) good sight lines and acoustics. Deep under the dress circle the sound was naturally on the dry side, but hardly a note or a word was lost. The audiences, a few noisy late-comers and attendants apart, were as keen and concentrated as you could find anywhere.

Leonard Burt

Donald Sinden in the Royal Shakespeare Company's 'King Lear' which opened last night at Stratford-upon-Avon. (B. A. Young's review will appear in to-morrow's paper)

**Elizabeth Hall**

# Juilliard Quartet

by RONALD CRICHTON

The famous string quartet from New York has returned to South Bank for what will surely now become an annual visit. Last season's Beethoven cycle is followed this year by three concerts, each with one work apiece by Mozart, Bartok and Schubert—the remaining concerts are to-night and next Tuesday. Sunday's programme consisted of Mozart's E flat Quartet K248, Bartok's No. 1, and Schubert's D minor, D810. There was a good but not absolutely full house. A pity—chamber music of this quality grows more valuable, not less, in stringent times.

The performances were nourishing, highly interesting, not entirely convincing in every particular, but always and valuably making one think about the music. This ensemble in spite of (perhaps partly because of) changes of personnel and an amount of touring which must leave hardly any time for reflection, maintains commitment and interpretative insight at a high level. For this the experienced leader, Robert Mann, should undoubtedly take much of the credit, but his present, closely knit team keep their distinct musical individualities — the second violin whose tone can take on the richness of a viola, the viola with a stunning range of colour, the cellist eternally watchful who is also an agile, highly sensitive player.

In the Mozart the slow movement came up with especial freshness, with the quiet surge of rolling triplets in the bass over and against which Mozart pits cross-rhythms and unsettling harmonic adventures. Bartok's First (a work of abundant originality, for long unfairly overshadowed by the obviously more concise and far more radical middle quartets) was played with the eloquence and technical polish which the Juilliard habitually bring to this composer's music.

Something about the first movement of "Death and the Maiden"—a lack of simple onward flow and a touch or two of unsteadiness and asperity in the leader's tone, not always enough solidity in the cello line, suggested that Schubert was not so wholly congenial. But the variations and the finale (above all the deft management of the passage near the end where the music threatens to trail away into outer darkness) set those doubts at rest.

## Dylan Thomas Society

The first Dylan Thomas Society was recently formed at a meeting held at the Poetry Centre, London. With nearly 50 members so far its principal aim is to further the appreciation of Thomas's work.

The chairman of the society is *Walford* Davies, lecturer in the English Department of the University College of Wales, Aberystwyth. Its honorary secretary, and also the man responsible for calling the founding meeting, is Reg Charles of Llanidloes Wales. The president of the society is the author's daughter, Aeronwy Thomas-Ellis.

Further details can be obtained from the acting London branch secretary John Walford, 6, Theodore House, Roehampton Lane, London, S.W.15, or from the society's secretary, Reg Charles, "Pencincoed," Glyn-Brochan, Llanidloes, Powys, Wales.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# Church-State relations crumble in Poland

BY CHRISTOPHER BOBINSKI

WARSAW, Nov. 29.

RELATIONS between the Polish Government and the powerful Catholic Church have deteriorated to a new low, amid signs that a major debate is under way inside the leadership over Poland's current difficulties.

A letter by Polish bishops read on Sunday to congregations throughout the country, calling for prayers in defence of the faith, is a serious blow to detente between Church and State.

At the same time two articles in publications of the ruling ommunist Party, examining the reasons for Poland's current economic crisis, following last June's food price riots, are strongly critical of "certain sections of the authorities," and hint strongly that some officials—possibly even Ministers—may be sacked.

Two Polish Communist Party Committee members—Mr. R. Wojna, a party theorist writing in to-day's issue of the party daily Trybuna Ludu; and Mr. M. Rakowski, a journalist and politician near to the national leadership, writing is the weekly Polityka — gave reasons for Poland's current difficulties in which they blamed the authorities to some extent.

Mr. Wojna writes that, as the technological potential of the economy grows, so "one cannot rule as before," adding, "we do not conceal our reservations regarding the activities of certain sections of the authorities." In socialist conditions, he says, it is the Government which "is responsible for feeding the nation." He also says that he would like to see a socialist democracy "which expresses itself through the authorities sharing more of their problems with society."

Mr. Rakowski goes further and criticises people in both Government and party for allowing investments to get out of hand. He talks of those "comrades for whom only their area is important," and says, "I have the feeling that we are in a period when a sense of collective responsibility has been weakened."

In mentioning last June's demonstrations, Mr. Rakowski says, "we must say quite openly that the reaction of a section of the working class to the price rise proposals took many of us by surprise. We should go back to those events, but in the context of the future, to consider what we should change and improve in our social and economic structures . . . to avoid a repeat of this kind of situation."

These articles, which come a few days before the Central Committee plenum, and the meeting of Parliament that will be presented with the current Five Year Plan, represent the first time that anyone has admitted that the authorities are, to some extent, to blame for the present difficulties. Whether this new self-critical tone will bring changes in the style of government remains to be seen, but it seems certain that changes are now envisaged. It is unlikely that they will be effected in the immediate future.

Meanwhile, the letter read by the bishops warns that the Catholic faith is in constant danger. In spite of appearances that there are no problems, The State is working for the "atheisation," of the nation, and this struggle is against basic human rights, as expressed in such declarations as the U.N. Charter on Human Rights, the letter says. The bishops say that this programme is paid for by tax-payers, who in the great majority are believers, and ask "who does not see a strange mis-understanding in this painful state of affairs?"

The letter also criticises the lack of building permissions for churches in new housing districts, the discrimination against believers at work, and the harassment of school-children and students who wish to practise their faith.

This sharp tone contrasts with the moderate way in which the recent demands for an amnesty for those involved in last June's demonstrations against food price rises, and indirect calls for political reforms, have been put. But the letter does say, "the struggle against religion hinders social and economic reforms, because it arouses anxiety and suspicion towards the State authorities, which weakens the rhythm and productivity of labour. "People who are embittered do not make good workers."

The fact that the letter was written last September and published now would indicate that the Church is disappointed at the concrete results of the party leadership's assurances in September that there were no problems between Church and State. Evidently the episcopate thinks that it may gain greater concessions through a more strident approach.
been prompted by the desire to

The fact that the letter was broadcast by Vatican radio at the same time leads some observers here to think that it is also a message to other Communist countries that Vatican diplomacy may now take a harder line.

**Reuter adds from Stockholm:** Poland, which announced domestic coal rationing earlier this month, has offered Sweden large supplies of coal and electricity, the Swedish Industry Ministry reported to-day. The suggestion was that electricity could be sent on an undersea cable from a planned 1,000 MW, coal-fired power station in Poland, and the Ministry said the offer would be considered seriously.

# Gaullists plan new image for 1977 poll

By Robert Mauthner

PARIS, November 29.

PROPOSALS BY M. Jacques Chirac, the former Prime Minister, to give the Gaullist Party a new image and name and thus enhance its prospects at next year's general election, have been approved by the party's central committee and are virtually certain to be endorsed by the Gaullists' national congress next Sunday.

M. Chirac himself is expected to be elected party chairman, an office which did not exist as long as either the President of the Republic or the Prime Minister were members of the Gaullist Party.

As chairman, M. Chirac, who resigned last August after a dispute with President Giscard d'Estaing over his powers as Prime Minister, will officially become the leader of the biggest party in the Government coalition, with all the prestige that goes with this position.

The party's name will be changed from the Union of Democrats for the Fifth Republic (UDR) to the Rally of Frenchmen for the Republic, a nuance which the party leaders believe will appeal to a wider spectrum of public opinion than before.

The draft manifesto approved by the central committee contains all the old slogans supporting national independence, an independent national defence system, the institution of the Fifth Republic, and workers' participation in industry. Only one or two new catchphrases, borrowed from the President himself, such as "fiscal justice" and "reform" appear as a bit to disillusioned supporters of M. Giscard d'Estaing and Left-wing voters who do not relish the prospect of a Socialist-Communist victory at the 1978 election.

# Turkey appeals for tents to shelter quake victims

BY METIN MUNIR

ANKARA, Nov. 29.

Turkey to-day made a fresh appeal for international contributions of heavy-duty tents to shelter earthquake victims, who are refusing to be moved to warmer regions from their mountain townships and villages in Eastern Turkey, despite the harsh winter and disaster conditions.

The Turkish Government will provide funds for the homeless, who are estimated to number 250,000, and buy their animals so that the people can be settled elsewhere. But the majority of them, generally subsistence farmers and shepherds do not want to leave their homelands in the eastern province, of Van.

So far, only a few thousand have been temporarily moved to the provincial capital of Van, into schools and other public buildings. Not all of the homeless have tents. The majority of those who do find they are not suitable for survival in conditions of heavy snowfall and night-time sub-zero temperatures.

But partial relief was on the way to-day. U.S. technicians have arrived in the disaster area to erect heavy-duty tents which can shelter up to 20,000 people. These tents are equipped with stoves and cooking gear.

The transportation of relief supplies was moving by air between Ankara and Van, and by lorry to townships and villages which have roads, the UN representatives here said. Army helicopters were dumping tents, blankets and food in isolated mountain villages when weather conditions were favourable.

But, five days after the earthquake, there were still five or six villages which had not yet been contacted, and not all of the dead had been excavated from under the debris of their primitive huts. Generally, conditions were said to be better than over the week-end, but nowhere near to satisfactory.

The official death toll now stands at over 4,000, but the Government has stopped issuing casualty figures. The dead are expected to number about 5,000 when the rubble-lifting work is completed. Bulldozers are now being used, and the bodies are being buried in mass graves.

There was intermittent snowfall again to-day and the Government has moved snow ploughs into Van. But, if the snowfall persists, these will not be of much use, because most of the nearly 600 settlements in the region do not have proper roads.

# EEC aid for transition from school to work

BY DAVID BUCHAN

BRUSSELS, Nov. 29.

EEC EDUCATION Ministers to-night agreed to spend 11.4m. units of account over three years, starting in 1978, on 27 pilot projects on "the problem of transition from education to work." It is the largest amount the EEC Education Ministers have ever authorised. Commission figures show that one-third of the Community's 5m. unemployed this year are between 15 and 25.

Making her first appearance in Brussels as Secretary of State for Education, Mrs. Shirley Williams, promised that, under the British Presidency of the Council of Ministers next year, to-day's proposal would be made available to the Council of Europe's meeting of educational ministers in May. Mrs. Williams said that this liaison between the EEC and the wider 19-member Council of Europe would be particularly significant.

The quite separate, and more controversial matter of the Commission's directives on education for migrants' children within the EEC was to-day left for the Social Affairs Council to discuss in Brussels on December 9.

# Simon arrives in Moscow for trade meeting

MOSCOW, Nov. 29.

THE U.S. Treasury Secretary, Mr. William Simon, flew to Moscow to-day for talks with Soviet officials and the annual meeting of the U.S.-USSR Trade and Economic Council.

The Soviet Foreign Trade Minister, Mr. Nikolai S. Patolichev, was on hand at Moscow airport to greet Mr. Simon and his party of 35 when they landed aboard a U.S. Government jet from London.

The Council meeting will be formally opened to-morrow with speeches by Mr. Simon and Mr. Patolichev.
UPI

# Communist offensive imminent in Portugal

By Paul Ellman

LISBON, Nov. 29

PORTUGAL'S COMMUNIS[TS] have called for urgent talks w[ith] the ruling Socialist party to [dis]cuss what they termed [a] rapidly deteriorating politi[cal] situation." The call was [dis]missed by a Socialist spokesm[an] as a ploy, and commentators h[ave] agreed that it was made a[s a] form of political carrot bef[ore] the Communists start brandish[ing] their stick.

A political offensive by [the] Communists had been expec[ted] to coincide with the start of c[am]paigning for local elect[ions] scheduled for December 12. T[he] drive is expected to focus [on] working-class industrial dist[ricts] and on the southern Alen[tejo] region where the Governme[nt's] policies are thought to have [left] the Socialists at their most [vul]nerable.

A sharp drop in the Social[ist] share of the total vote is li[kely] to product powerful pressur[e on] the Prime Minister, Sen. M[ario] Soares, to broaden the bas[e of] his minority Cabinet. The C[om]munists have already sta[rted] their new campaign in [the] Alentejo where the agricult[ural] workers' union they control [has] resisted the return of ex[pro]priated farmland to fo[rmer] owners.

National Guardsmen have [used] tear gas and automatic rifle[s] in recent days to disp[erse] workers trying to prevent [the] return of former owners to [their] property. The Governmen[t is] understood to have given assurances to owners who returned to their properties [that] the Guardsmen will remai[n to] protect them come what m[ay].

The scene has thus been [set] for an all-out Communist [offen]sive, centred round the al[lega]tion that Dr. Soares and [his] ministers are intent on re[vers]ing the agrarian reform [pro]gramme and bringing back old late fundistas.

# Italian unions call strike to demonstrate authority

BY ANTHONY ROBINSON

ROME, Nov.

ITALY'S THREE main trade union federations have organised a four-hour general strike throughout Italian industry to-morrow in support of their demands that the austerity package approved by Parliament is paralleled by measures to stimulate investment, employment and the modernisation of industry.

That at least is the theory. In practice the strike call is aimed at demonstrating the confederation's hold over the bulk of organised labour at a time when the big unions' authority is being undermined by the growth of small, so called autonomous unions who have been given room to operate by the official unions acceptance of the need for wage discipline and greater labour productivity as part of the price to be paid for getting Italy out of its economic crisis.

The big unions find themselves in a very difficult position at this time. Their past success in obtaining improved working conditions and higher pay has contributed to a fall in full-time official employment and the development of a parallel economy based on moonlighting and the avoidance of labour contract and social security provisions. Now they have accepted the Government's invitation to get together with the employers' association, Confindustria, and discuss methods of reducing labour costs and increasing productivity.

The employers are insisting that this also includes agreement on limiting the built-in inflationary effects of the inflation-indexed threshold payments system. The Government is insisting on progress on this front before agreeing to reduce the burden of social charges on employers by transferring part of the burden directly on to the exchequer.

This, however, cannot be done without a compensatory increase in VAT or other taxes to compensate for lost revenue. But the Government has already put together an austerity package of higher taxes and increased public utility tariffs which should take L5,000bn. (about £3.6bn.) out of taxpapers' pockets as a contribution to reducing the public sector deficit. This is a priority if Italy is to receive further foreign loans from international institutions like the [IMF] and the EEC.

But inspired leaks from finance and treasury mini[stries] now indicate that while [the] L5,000bn. austerity packa[ge is] probably sufficient to kee[p] projected public sector [deficit] within acceptable limits it [is] certainly not been enough to [fin]ance the sort of investmen[t pro]grammes demanded by the unions and public and pr[ivate] industry.

Prime Minister Giulio A[ndre]otti hinted as much in his s[peech] to Parliament on the aus[terity] measures on November 10 [when] he insisted that any fu[rther] expenditure by the public s[ector] would have to be covered by taxes.

The list of such expendi[tures] grows even longer. It inc[ludes] the need to finance highe[r pay] for civil servants and government officials who [went] on strike for a new contr[act a] week ago, a state contrib[ution] to finance the losses and i[nvest]ment needs of state corpor[ations] like ENI, IRI and EGAM [and a] L600bn. injection of state fi[nance] for the Montedison group.

Meanwhile, the Governm[ent's] projected industrial reco[nver]sion plan talks of a L.6,0[00bn.] investment fund for the [next] five years without any cle[ar in]dication of where the finan[ce is] to come from. The same a[pplies] for the financing needs o[f the] state electricity corpor[ation] ENEL, already deeply in [debt] but faced with the nee[d to] finance 20 new nuclear [power] stations according to ambitious plans.

As if that were not en[ough] most of Italy's local autho[rities] are now so bankrupt that fi[nding] the cash required to pay sa[laries] is a recurring monthly [night]mare. The mayors of I[talian] cities paraded through Rom[e last] week to demand a fundam[ental] restructing of local gover[nment] finance to consolidate ex[isting] debt and reintroduce some [form] of local taxation. This [power] was taken away from [local] authorities as part of the socalled tax reform. The [intro]duction of some form of r[evenue] system has now been acc[epted] by the Interior Minister, Francesco Cossiga.

# Capital returns to Italy

GENEVA, Nov.

THE FLIGHT of capital from Italy into Switzerland, which threatened to turn into a flood this spring, has been reversed, Swiss bankers and officials said to-day. For the past four or five weeks at least, there has been a net outflow, they said.

In spring this year, Italians were transferring the equivalent of about 20m. Swiss francs to Swiss accounts every day. But the Swiss Bankers' Association announced to-day that a gentleman's agreement between its members and the Swiss National Bank prohibiting dealings in superlire notes—50,000 lire and 100,000 lire—will be abolished from Wednesday. The bankers' group said this was due to the slowing of the flight of capital from Italy and a stabilisation of the monetary situation there.

Last April, Italy declared an amnesty on illegal capital held abroad. This amnesty was to have expired on November 19, but was extended until December 3 less to encourage more capital to return than to cope wit[h the] backlog which developed be[cause] many waited until the [last] minute to take advantage o[f the] amnesty.

The amnesty has brought [back] hundreds of millions of lire [but] this is only a small part of c[apital] illegally held abroad by Itali[ans], an Italian official said. The [total] is estimated at L30,000bn [of] which L10,000bn. were exp[orted] illegally.

In spring this year, whe[n the] prospects for the I[talian] economy were grim and [when] the Communists appeared [likely] to gain control of the Go[vern]ment, the flow of money [from] Italy to Switzerland aw[ept] rapidly.
AP-DJ

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EUROPEAN NEWS

# Christian Democrats in talks with Spanish PM

BY ROGER MATTHEWS MADRID, Nov. 29

A TEAM of five Christian Democrat leaders went to see Prime Minister, Sr. Adolfo Suarez, to-day in a bid to win agreement on the guarantees they believe to be vital, if the December 15 referendum on constitutional reform and future general elections is to have any credibility.

No statement was made after the talks, but the Prime Minister's views are expected to be given to a summit meeting of opposition parties on Wednesday. He is understood to have indicated his willingness to meet a group of opposition leaders, to discuss the contents of the electoral law, without at this stage specifically ruling out the presence of a Communist Party representative.

A Communist Party statement issued to-day said that more than 80 of their members had been arrested in the past week, during a party recruitment campaign in Madrid, but nearly all had later been released on bail. Several members of the main socialist party, the PSOE, have also been held while putting up posters announcing their congress in Madrid from December 5 to 8.

The Prime Minister is believed to be in no hurry to open negotiations with the Opposition, but merely wishes to offer the prospect of talks, so that no time is left for any effective campaign to be mounted in favour of abstention from the referendum. The Government is confident of getting a substantial "yes" vote, and wishes in the time before the poll to demonstrate its openness to negotiation.

State-run television announced this morning that those political parties which have been legalised would be allowed time to explain their attitudes to the referendum, along with those which have applied for legislation. This, however, is a far cry from opposition demands that all groups have a right to express themselves freely in a democratic situation. So far, the majority of political parties has refused to submit to the regime's vetting procedures.

Many hundreds of bookshops in the Catalan region and in Valencia did not open to-day in protest against the wave of attacks from extreme right-wing groups in the past few months, and the failure of the police to arrest those responsible. Four bookshops selling left-wing literature were wrecked by bombs at the end of last week.

# E. German dissident under house arrest

BY LESLIE COLITT BERLIN, Nov. 29.

THE MOST prominent remaining East German dissident, Professor Robert Havemann, has been placed under house arrest at his home in a suburb of East Berlin. His confinement comes after the 67-year-old physicist and Marxist philosopher repeatedly criticised the recent expulsion from East Germany of the political poet and singer Wolf Biermann.

Westerners and East Germans who attempted to approach the cottage occupied by Professor Havemann and his wife are informed by police they can go no closer. His telephone line has been cut, and the only person linking him with the outside is his daughter, who is living with the wife of Biermann. Another close friend of the professor, the writer Jürgen Fuchs, is still detained by police after openly criticising the Government's decision not to let Biermann return from a brief tour of West Germany. Members of the country's top jazz group have also been arrested, along with other persons, including clergymen who have played forbidden tape-recordings of Biermann to private gatherings.

A recent performance by Biermann in Cologne set off the current wave of arrests and protests in East Germany. Biermann's satirical songs about life in East Germany, and about West Germany, were carried on West German television, and seen by millions of East Germans who are able to receive western television. Biermann has not been allowed to perform in East Germany for the past 11 years, although he insisted it was a better place to live than West Germany.

The East German Government replied to the televised appearance by banning the poet, a move which led to a joint protest statement from East Germany's leading writers and artists. It was the first time this had happened in the normally obedient society. Since then, East German writers, artists and intellectuals have come under great pressure to declare their backing for the expulsion of Biermann. The confrontation between the writers and the Government comes at a time when some 100,000 East Germans have petitioned the Government for permission to resettle in West Germany—an unexpected result of last year's Helsinki conference.

## EEC jobless

UNEMPLOYMENT has risen in Belgium, Denmark, Germany and France, according to the latest EEC Commission figures, David Buchan reports from Brussels.

A small improvement is seen in the other five member states, but EEC statisticians see an underlying worsening of the job market in both West Germany (4.1 per cent. in October compared with 3.9 per cent. the month before) and France (5.6 per cent. in September, the latest month available as against 4.9 per cent. in August).

# Danish political crisis intensifies over strike

BY HILARY BARNES COPENHAGEN, Nov. 29.

THE DANISH Prime Minister, Mr. Anker Joergensen will resume negotiations with opposition parties to-morrow to try to resolve the Parliamentary crisis which has arisen in the wake of last week's unofficial strike by oil and petrol tanker drivers. If he cannot come to agreement on measures to prevent a continuation of the wave of unofficial strikes, the Government may be forced to resign and call an election.

The Parliamentary crisis arose when the Social Democratic minority Government apparently agreed with other parties to introduce civil court fines (in addition to labour court fines) for anyone who went on strike in breach of current collective wage agreements, but then went back on the agreement when the proposals were vetoed by the TUC.

On Friday, the Prime Minister, refused to call an election and urged instead a resumption of negotiations to solve the strike situation. The Christian People's Party, one of the parties backing the Government, has demanded that the Government again agrees to last week's anti-strike proposals, and it may call for a vote of no confidence if the Social Democrats will not follow this advice. It is doubtful, however, whether there would be a majority against the Government unless the Communists and the left-wing Socialists decide to vote against the Government.

The Government and the Folketing (parliament) are being forced to step in to prevent the unofficial strikes because they are threatening to undermine the Government's incomes policy for 1977 and 1978, which seeks to limit income increases to 6 per cent. a year and will come into effect with new collective wage agreements due for conclusion in March or April.

Meanwhile a strike of transport workers at the Burmeister and Wain shipyard in Copenhagen and the Odense Steel Shipyard caused several thousand other workers to be sent home to-day.

# Dutch wage agreement unlikely

BY MICHAEL VAN OS THE HAGUE, Nov. 29.

THE CHANCES that Dutch employers and trade unions will reach agreement on a central wage agreement for 1977 are slim. The main stumbling block, which is again the extent of the automatic compensation for the price rises, is not expected to be overcome in the talks between the two sides and the Government, which are due to start here to-morrow.

The failure to reach a central accord, as it is called, will mean that separate wage negotiations will be conducted in each industry. This year, the employers and the unions also did not agree on a central agreement, but the Government forced through a wage measure to safeguard its anti-inflation policy.

Social Affairs Minister, Mr. Jaap Boersma, said after the talks between employers and unions last week that the Government does not intend to come up with a wage measure for 1977. The reason is apparently that the unions' demands—which amount to a wage increase, including full price rise compensation—of about 8.5 per cent. next year do not exceed the limits set under the Government's anti-inflation plan. A second reason is that the Socialist-dominated Cabinet is anxious to avoid another collision on wages with the unions before next Spring's general election.

IFO SURVEY OF INDUSTRY

# West German business climate deteriorates

BY ADRIAN DICKS BONN, Nov. 29.

THE BUSINESS climate in West Germany showed a further deterioration during October, the ifo economic research institute of Munich reported to-day in its latest survey of manufacturing industry.

This finding, according to ifo, reflected not so much companies' expectations for the next six months as their judgment on the state of business at the time of the survey. There was a slight improvement in the overall rate of capacity use during October, to 82.6 per cent., yet about one-third of the sample reported that their own capacity use was still too low, while recent new orders received still left a high share of companies feeling that orders in hand remained unsatisfactorily low.

The ifo findings—often considered one of the most reliable measures of the state of the West German economy — coincided to-day with a foretaste of higher unemployment offered by the head of the federal labour office, Herr Josef Stingl. He indicated in a news agency interview that the November figures, expected to be published later this week, might show a seasonal increase in the number of unemployed to around the 1m. mark, as well as a rise in the short-time working figures.

The break-down of the IFO survey once again shows considerable variations between the major industrial sectors, and within these, between individual industries. But common to all, the Institute writes, is a shrinking of expectations of further increases in export business during the next three months. There was also little expectation of further increases in production.

In the capital goods sector, IFO records that in spite of brisk demand in some areas, there was little change in the overall unfavourable view of the level of orders in hand, with nearly half of the sample regarding the present level as relatively low. Capacity use, at a seasonally-adjusted 81.2 per cent., showed little change from three months ago.

Machine tool manufacturers, in spite of some signs of firmer demand, reported little overall improvement in the business situation. No further improvement in export orders was expected.

Steel and light metal producers also saw no reason to expect any improvement, and suffered a drop in their capacity use from 82.2 to 79.2 per cent. A similar story was told by the electrical engineering industry, which also experienced a sharp fall in capacity use from the summer to only 72.7 per cent.

As in past months, the ifo survey also shows a strong tone in other capital goods industries, notably office equipment and data processing machinery producers, who continue to look to further improvements in export business in the next few months, while commercial vehicle builders also see bright prospects for their exports.

However, in precision engineering and optical goods, a group of industries which has also been consistently buoyant, export prospects were regarded as less favourable in October.

In his own commentary on the situation in the machine tool industry, which it describes as an important indicator of the state of industrial investment intentions, Ifo concludes that hopes earlier in the year that domestic new plant orders would provide a major source of growth have been largely exhausted. The average level of domestic orders for machinery in real terms between June 1975 and last month lay scarcely any higher than during the first quarter of 1975, when the recession was at the low point.

At the same time, the institute warns against too much optimism over the improvement in real terms of export orders for machinery and machine tools, pointing out that much of this was due to the few very large orders for power station equipment received in June and July, whose lead time will be so long as to have little effect on the short-to-medium term economic situation of the sector.

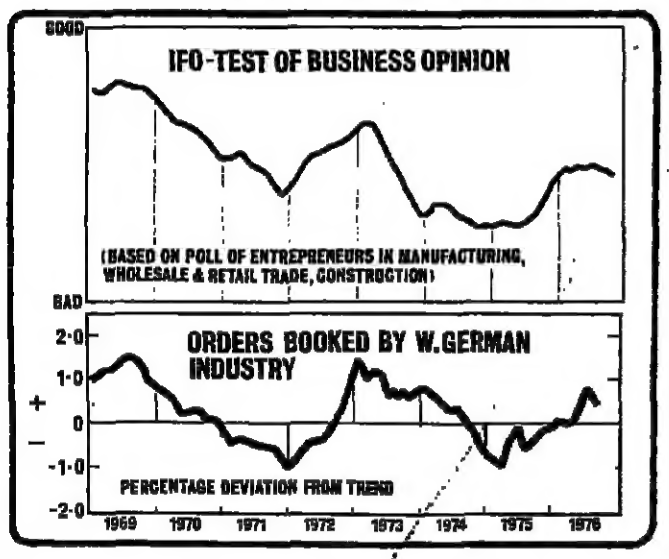
Further, IFO casts some doubt on one of the common assumptions of current economic debate in West Germany, that investment, and hence employment, will necessarily be raised by the approximately 20 per cent. increase in corporate profits this year.

For one thing, IFO concludes that the level of business confidence revealed by its survey is too low to justify forecasts of any fundamental change in investment behaviour for the next few months. Second, the institute notes that much of the new investment being undertaken is directed towards rationalisation of production rather than towards the hiring of additional labour.

Examining the prospects for employment next year, IFO remarks that continued restraint on the part of the unions in their wage claims may not necessarily lead to any more rapid rise in the number of jobs available—though the institute makes clear that a wage explosion would, on the other hand, endanger the chances of both gross national product growth and employment.

One reason for the continued difficulties of the labour market, the institute suggests, is the degree to which jobs have been protected during the past recession by short-time working. This means that productivity in the aftermath of the 1975 recession has risen by only about 1.5 per cent. compared with over 4 per cent. after the 1966-67 downturn.

Although the IFO refrains from any direct policy recommendations on the strength of these findings, the sombre picture painted of the machine tool industry, often regarded as the backbone of West Germany's strong external trade position, to some extent contradicts more positive views held in official circles of the durability of the current economic upswing.

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The Financial Times Tuesday November 30 1976

# Latest thinking on the Turbo-charging of truck engines.

BY DR. MAGNUS PYKE.

"Ford are bringing out an improved turbo-charged diesel engine and they think that I can explain what's new about it and why it's better than other engines.

Most trucks have had diesel engines for the last 30 years or more.

The principle Herr Rudolf Diesel introduced, when he first heard how inefficient steam engines were, was to compress the air so tight in the cylinder that its temperature was sent up to about 800°C.

This was so hot that when the fuel was injected it ignited right away without need for a sparking plug.

A further advantage was that by running the engine like this at high pressure he obtained greater efficiency.

That is to say he got more work from each unit amount of fuel.

Turbo-charging, first applied to big marine diesels, uses part of the waste energy of the gases in an engine's exhaust pipe to run a little turbine.

This drives a compressor which forces more air into the engine's cylinder than would otherwise be sucked in by the pistons.

It gives three important advantages. The first is a more efficient use of fuel.

The second is particularly valuable: because more fuel is taken into each cylinder at every stroke, more power is obtained from the engine.

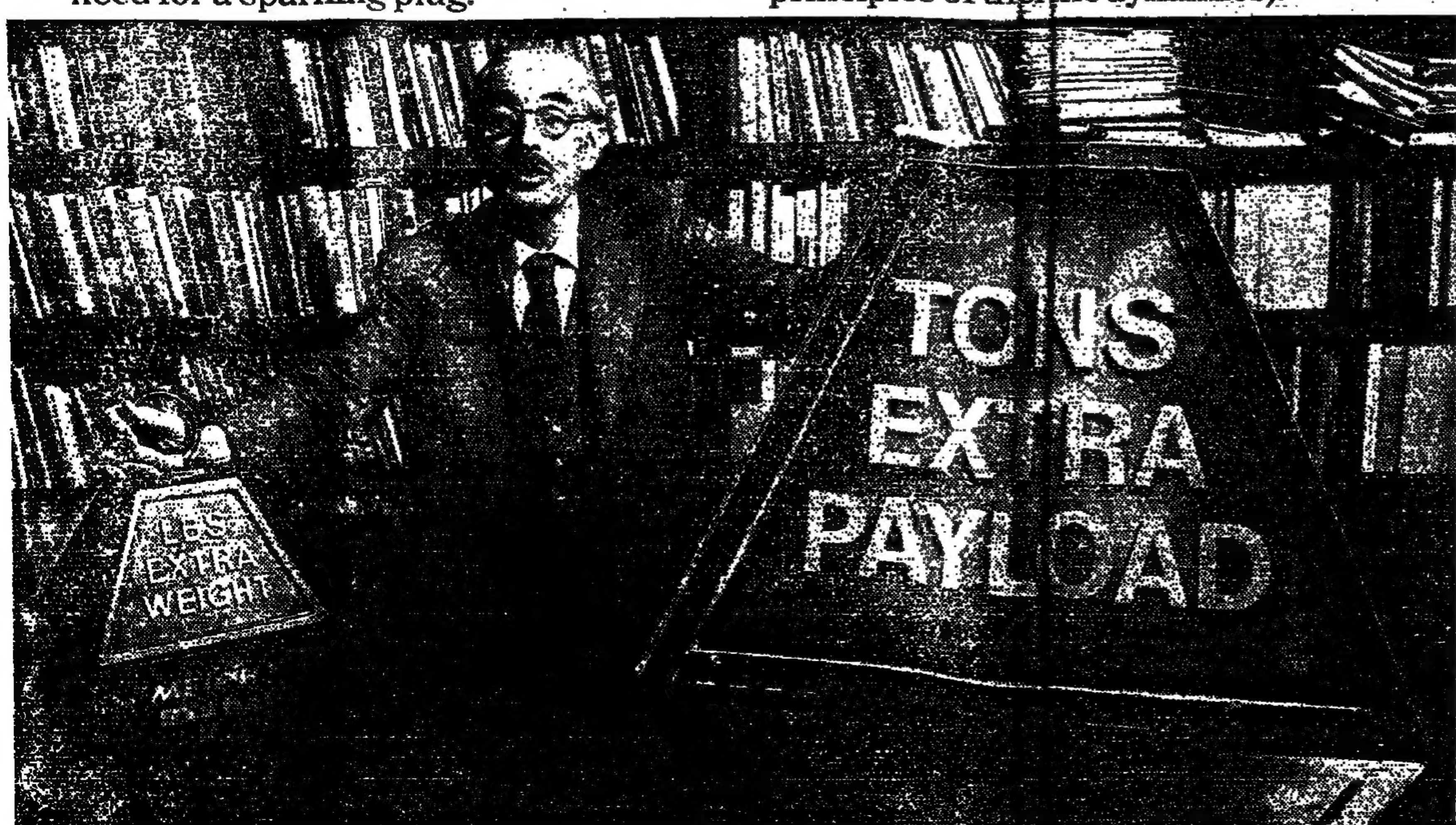
A third benefit is that because the turbo-charger compresses the air which flows into the engine, this air becomes hot; the fuel that is mixed with it burns more promptly and the engine is consequently quieter.

By fitting a turbo-charger these considerable advantages are obtained for an increase in the weight of the truck of about 100 lbs.

If the owner gets an extra 30 HP for this increase in weight (as indeed he does), he can therefore carry some tons more goods in his vehicle.

Of course to win these prizes the structure of the engine must be made strong enough to stand the extra pressure, the cooling system must be efficient enough to dissipate the extra heat which is inevitably rejected by the engine.

This is part of the Carnot Cycle (which, I need hardly add, is not a means of transport but one of the fundamental principles of thermodynamics).




And, since the turbo-charger may at times need to spin at 100,000 RPM it must obviously be properly made, adequately lubricated and precisely designed to suit the engine it is to work with.

Ford have, they say, done three things to make their Turbo II engine better than the previous model they made.

To start with, the engine has been strengthened by clamping the cylinder head down more firmly.

Next, they have taken a good deal of trouble to make sure that the cooling system works more efficiently, the thermostats do their job and the water circulates no matter what the engine is doing.

Finally, improvements have been made in turbo-charger lubrication to make it easier for the men who service the trucks and keep them in good order.

After having heard what the Ford people had to say about their Turbo II engine I felt that I knew what they were talking about.

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**FORD TRUCKS** Ford

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AMERICAN NEWS

# Power struggle builds up in Republican party

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Nov. 29.

MR. JOHN CONNALLY, in one of his more Delphic moods, appeared to-day to be discouraging speculation that he would bid for job of National Chairman of the Republican Party, which has to be filled early next year. He implied in a morning television programme that he did not think his talents would be particularly suitable for the post.

However, it is clear that Mr. Connally, the former Treasury Secretary and Democratic Governor of Texas, and a number of leading Republicans are going to be involved over the weeks to come in a power struggle for control of the party.

To-day the emaciated ranks of Republican Governors are meeting in Washington to contemplate the future. There are now only a dozen of them, one less than before the general election, and they are due to be addressed by, *inter alia*, Mr. Connally.

The most prominent new Republican Governor, Mr. Jim Thompson of Illinois, said in an interview this morning that the party needed the same sort of technician as Mr. Robert Strauss, the enormously successful Democratic Party chairman, to rebuild Republican strength.

"The Democrats thrived on diversity," Mr. Thompson said. "They had a technician for a chairman. Bob Strauss didn't let ideology get in the way of building an effective apparatus."

However, it is unlikely that Republican conservatives will pay much heed to Mr. Thompson's advice. Supporters of both Mr. Connally and former California Governor Ronald Reagan, are keen to re-establish the conservative control of the party that they feel was lost when President Ford beat Mr. Reagan for the nomination.

Given the Conservatives' superior organisational abilities and generally greater enthusiasms, their chances of picking a successor to the outgoing Mrs. Mary Louise Smith in their own image are probably good. But moderate Republicans, personified by Mr. Thompson, did rather better in the election than the Conservatives and may be able to put up a better fight than has been the case in intra-party conflicts in recent years.

Seeking to avoid too brutal a fight, Senator Robert Dole, the Vice Presidential candidate and former party chairman in the Nixon years, has proposed a compromise whereby a committee of well-known Republicans (Mr. Dole mentioned President Ford, Mr. Connally and Mr. Reagan) be formed to help choose a new chairman.

Mr. Dole seemed to agree with Mr. Thompson in advocating the election of an uncontroversial technician to the job, like Mr. Strauss or like Mr. Ray Bliss, who is properly accorded much credit for the Republican recovery after the Goldwater debacle of 1964.

As it stands, both the conservative and moderate camps have their own ideas as to who should fill the bill: the former might be happy with either Mr. Connally or Mr. Reagan, but could settle for the defeated Senator from Tennessee, Mr. William Brock. The latter have mentioned the name of President Ford's able campaign manager, Mr. James Baker, and could even appeal to Mr. George Bush, who is to resign in January as director of the CIA.

Others in the running include Mr. William Simon, the current Treasury Secretary, and Mr. Thomas Milligan, the Indiana Republican Party chairman, who is a self-proclaimed "technician."

# Carter pledge to blacks

BY DAVID BELL WASHINGTON, Nov. 29.

MR. JIMMY CARTER spoke last night—via a special telephone hook-up—to the first public audience that he has addressed since winning the Presidential election. By no coincidence he chose to make this first brief speech to The National Black caucus, the group of black political leaders who worked so hard on his behalf to get out the black vote on election day.

Mr. Carter won about 90 per cent. of the votes cast by black Americans. "One of the greatest commitments I have made is never to disappoint you. I share your dreams about the future" he said.

It has become even clearer in the month since the election that blacks made up the critical margin of victory in several of the states that Mr. Carter won. As he promised they would, blacks make up a significant proportion of the new Carter transition team which has just begun work here and they are expected to get more than one senior Cabinet post in the weeks ahead.

A further symbol of the new President's determination not to forget his black supporters is his decision to send his nine-year-old daughter Amy to a public elementary school about a mile from the White House. This school is 60 per cent. black with a further 30 per cent. of the pupils the children of embassy officials from 26 countries. Only 10 per cent. of its children are white Americans.

Washington's school system as a whole is overwhelmingly black as are the public school systems in many other large American cities. Blacks will therefore see Mr. Carter's decision to enrol Amy in a public school as an immensely important symbol, the more so since she will be the first child of a President to attend a racially integrated public school and the first to attend any public school since 1904.

Coincidentally, the Supreme Court this morning issued another interim judgment about busisng, compulsory transporting of children within school districts to achieve racial balance. This remains one of the most intractable social problems in the U.S. and the suit now before the court deals with Wilmington, Delaware, widely regarded as a test case.

Here for the first time in the North, the courts are proposing that children should be moved from predominantly black city schools to mostly white suburban ones. The Supreme Court instructed a lower court to give more study to the case before it heard arguments from the many groups tht oppose such bussing. If the decision is approved it could cause serious unrest as many suburban parents left the city centres to escape what they regard as inferior inner city education.

# Bethlehem raises prices of some steels by 6%

BY JAY PALMER NEW YORK, Nov. 29.

BETHLEHEM Steel, America's second largest steel producer, this morning announced that it would increase the price of certain steels by 6 per cent. from Wednesday. However, at the same time, U.S. Steel, the giant of the American steel industry, refused to indicate whether or not it would lift its prices.

The Bethlehem price increase comes in the wake of similar price increases by other smaller steel producers over the last week. Last Wednesday, the round of higher prices was sparked off when National and Jones and Laughlin both lifted their prices for flat-rolled steels, which are used by the auto and consumer appliance industries, by about $15-20 a ton, equivalent to 6 per cent.

Subsequently, four other steel companies followed their lead. On Friday, Inland Steel, Youngstown Sheet and Tube, Armco Steel and Wheeling-Pittsburgh all lifted the price of their individual key steel products by the same percentage.

Over the past two months, countless steel companies have stated an urgent need to raise prices, and restore margins, but it has been generally thought that a new higher level of prices would have small chance of surviving unless Bethlehem and U.S. Steel, historically industry price leaders, also made increases.

CUBA'S NATIONAL ASSEMBLY

# A time of austerity

BY HUGH O'SHAUGHNESSY

THE CUBAN National Assembly, the first deliberative body to be installed on the island since the 1959 revolution, is to be inaugurated in Havana on Thursday. The ceremony will take place amid increasing austerity measures imposed by the Government in the wake of big falls in Cuba's income from its main export item, sugar.

The Assembly delegates, who were chosen indirectly in a series of nationwide polls over the past four months, are expected rapidly to vote in Premier Fidel Castro to the post of Head of State.

Under the new Cuban constitution adopted last year a Council of State is created whose members are selected by the National Assembly. The President of this Council will henceforward combine the roles of Head of State and Head of Government.

Under the *ad hoc* governmental system with which Cuba has been living since 1959 the Presidency of the Republic has been a largely formal position, latterly occupied by Dr. Osvaldo Dorticos, one of Cuba's leading economic administrators.

Premier Castro has been Head of Government, First Secretary of the Party and Commander-in-Chief. He is expected to retain his party and military posts under the new dispensation but will have a more formally designated group of associates to assist him in his different roles.

The inauguration of the Assembly is seen as the culmination of a process of systematising Cuban administration and separating out the tasks of the Communist Party, the government and the labour organisations. Cuban administrative procedures now show increased similarity to those ruling in Eastern Europe.

At the same time the armed forces are undergoing changes which bring their practice more in line with international practice. The rank of general is being adopted—hitherto the highest rank had been major—and six new uniforms are being brought in substituting the ubiquitous olive drab fatigues.

The continuing seriousness of the island's economic difficulties is being brought home to the population an dlast Wednesday the telephone service which had been free since 1964 was returned to a paying basis and the length of calls from public boxes reduced. In September Premier Castro revealed the extent of the dislocation of the economy after the steep fall in the international price of sugar which is by far the country's biggest export item. The coffee ration was simultaneously reduced from 43 to 30 grams a week.

Speculation is centring on a possible shift of policy towards Angola. According to Cuban officials, Cuba may seek economies in the amount of technical assistance given to the Neto government while maintaining military assistance. The Angolan Premier Sr lopo de Nascimento has announced that he will visit Havana and may well appear at Thursday's inauguration celebrations.

Meanwhile, under an agreement signed last week between Venezuela and the Soviet Union during the visit to Moscow of President Andrés Pérez, Venezuela is to take over shipping Cuba the oil now supplied by the Soviet Union. The Soviets will supply similar quantities of oil to Venezuela's customers in the Eastern Hemisphere. The Soviets will thus be able to save the cost of sending oil to Cuba across the Atlantic.

MEXICO'S NEW PRESIDENT

# Mending the broken bridges

BY ALAN RIDING IN MEXICO CITY

SR. JOSE LOPEZ PORTILLO succeeds Sr. Luis Echeverria as President of Mexico to-morrow. He inherits a country that is deeply divided politically and undergoing its worst economic convulsion in more than 20 years. For the first time in memory, foreigners are wondering whether Mexico's legendary stability can still be taken for granted, while Mexicans are suffering a deep crisis of confidence in themselves and their rulers.

As the first step towards re-establishing political tranquillity and economic growth, Sr. López Portillo must win the confidence of Mexicans and foreigners alike. Already he enjoys the goodwill of many quarters in Mexico and the U.S. that are simply relieved to see Sr. Echeverria leave office. He also has the advantages of charm and charisma, features of his personality which failed to come across during his election campaign but which will nevertheless help him in coming months.

But while all major interest groups here are looking to Sr. López Portillo to resolve the current crisis, Sr. Echeverria's controversial performance over the past few months has strengthened the determination of each of them to press for an administration that favours them. The conservative private sector, on the defensive for the past six years, is fairly confident that the economic crisis will force Sr. López Portillo to move to the right.

The 23 per cent. wage increase which followed the devaluation of the peso on August 31, and the mass expropriation of private farms in north-west Mexico two weeks ago, on the other hand, have injected new militancy into the labour and peasant organisations.

There is a consensus that a period of economic austerity is unavoidable to stabilise the peso, to control inflation and to meet the conditions for further credit imposed by the International Monetary Fund and the foreign banking community. But it is still not clear which sectors of the population will pay the main price for this austerity, although greater unemployment, lower wage increases and tighter credit seem likely.

There is also a general desire for Sr. López Portillo to become a strong president, not only because Mexico's highly centralised political system requires it, above all in a time of uncertainty but, more specifically, so that he will not be dominated by Sr. Echeverria. If, as expected, Sr. Echeverria fails to be elected as United Nation secretary-general when the UN Security Council meets on Friday, the outgoing president has carefully placed himself in a position to exercise continuing political influence. In recent weeks, under pressure from reporters, he has stated that he will leave politics on leaving office, and he has indicated privately that he plans to travel abroad for some months.

But other intentions can be read from his control of a major newspaper chain and his placing of loyal aides in positions of leadership in Congress, the ruling Institutional Revolutionary Party and peasant worker organisations.

If a political clash with Sr. Echeverria and his supporters can be avoided, however, Sr. Lopez Portillo's first priority will be the economy. By devaluing the peso for the first time in 22 years just three months ago, his predecessor anticipated the first measure expected of the new Government, but Cr. López Portillo must soon decide when to resume official foreign exchange dealings—suspended last week after a panic flight of capital—and whether the time has come to impose exchange controls.

**There is a general desire for Sr. López Portillo to become a strong President, not only because Mexico's highly-centralised political system requires it, above all in a time of uncertainty, but, more specifically, so that he will not be dominated by Sr. Echeverria . . . The outgoing President has carefully placed himself in a position to exercise continuing political influence.**

Clearly his own abilities as an economist have still to be tested. Before becoming Finance Minister, in May 1973, the 56-year-old López Portillo had spent most of his relatively short bureaucratic career—he first joined the Government at the age of 39—in purely administrative posts. In addition, he is a lawyer and not an economist by training and, during his 30 months in the Finance Ministry, he presided over the worst inflation Mexico has known since World War Two.

Undeniably, economic policy and, above all, spending levels during the past six years were determined by Sr. Echeverria and not by his three different Finance Ministers. But the willingness of foreign bankers to continue to lend to Mexico stems as much from awareness that Mexico's oil reserves, production and exports and its steel and petrochemical industries have all grown rapidly since 1970 as from any special faith in Sr. López Portillo as a manager of the economy.

Yet Sr. López Portillo's personal style—he is less rhetorical and more pragmatic than Sr. Echeverria—should in itself help mend many bridges. For example, the domestic private sector and foreign investors and bankers should no longer have to struggle through clouds of demagogy to discover the realities of Government policies. Sr. López Portillo's own directness may also lead to a simplification of the bureaucratic procedures necessary before companies can produce and export. And, without political controversy, the new President's own economic goal — a major fiscal reform, switching the emphasis from indirect to direct taxation—may be possible.

Given his pressing domestic problems, Sr. López Portillo is expected to lay less stress on foreign affairs and, above all, on Mexico's bid for Third World leadership. Lip-service will continue to be paid to the need for a "new world economic order," but a special effort will be made to improve relations with Washington. The fact that President-elect Jimmy Carter's wife, Rosalynn, as well as Secretary of State Henry Kissinger are to come for the new President's inauguration is being stressed by the López Portillo team, and there are hopes that the current U.S. Ambassador here, Mr. John Joseph Jova, will become the next U.S. Assistant-Secretary of State for Inter-American Affairs. Clearly, during a time of crisis, the reality of Mexico's enormous economic dependence on the U.S. becomes difficult to disguise in political posturing and, so far at least, Sr. López Portillo has shown himself to be a realist.




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# OVERSEAS NEWS

## Japan's industry sluggish

TOKYO, Nov. 29.

JAPAN'S industrial activity indicators posted a third consecutive monthly decline in October, and the prospect for any real improvement in the economy this year and into early 1977 is growing dim, the Ministry of International Trade (MITI) said to-day.

Preliminary figures show that seasonally adjusted mining and manufacturing fell 0.1 per cent. September, with the index standing at 125.4 (1970 equals 100). The industrial activity indicator was 11.6 per cent. above the like year earlier level, but had fallen 0.4 per cent. in September and 1.7 per cent. in August.

The look for November's industrial activity has been revised downward to a 4.2 per cent. increase in output from an earlier forecast of a 4.6 per cent. rise. Government analysts say this figure is likely to be even lower, perhaps 2 per cent. or 3 per cent. for the month. With a renewed fall projected for December's output, the September-December quarter should be little more than 1.1 per cent. ahead of the prior three-month period. If that mark can be reached a Government official said.

The outlook for the first quarter of 1977 is that exports will remain weak and capital investment sluggish causing the economy to level off at best.

AP-DJ

## Devaluation fails to settle Australian economic rifts

BY KENNETH RANDALL

CANBERRA, Nov. 29.

DESPITE boom reaction from the stock markets to-day, it is *already obvious* that yesterday's 17.5 per cent. devaluation and associated economic measures have failed to settle the deep *divisions* within the Government and the Australian business community on the future course of economic management.

A veteran Liberal Party MP and former minister, Mr. William Wentworth, said to-day it was time the government parties considered replacing the Treasurer, Mr. Philip Lynch, "with someone who has a better understanding of fundamental economic processes."

Mr. Wentworth said the long-overdue devaluation decision had broken a Treasury logjam across *the economy but the benefits had* already been partly dissipated by Mr. Lynch, especially in his "irrational" decision to raise *interest rates.*

"Insofar as devaluation causes a capital inflow, it should be a signal for the lowering of interest rates not their increase," said Mr. Wentworth. "Indeed, the lowering of interest rates should have been one of the main objective of devaluation."

The joint Government parties—the Liberals and the National Country Party—will meet on Wednesday with the economy still at the top of their priorities. Mr. Wentworth's statement is bound to prompt counter-moves for a declaration of confidence *in the Treasurer, even though* the Government parties have no power to sack or move any minister. That is the prerogative *of the Prime Minister,* Mr. Malcolm Fraser.

Simultaneously, the biggest secondary industry lobby in *Australia,* the *Associated* Chambers of Manufacturers, has pointedly refused to endorse the government's latest economic package.

The Associated Chambers pointed out that only last Friday they endorsed the Government's position, as it was then understood, by firmly opposing devaluation "at this stage" because of its inflationary effects "Due to the fact that the Government has dramatically changed its economic strategy, and because of the divergence of views that exist *within* the private sector on the devaluation issue, ACMA intends to assess carefully the likely impact of *the Government's package* . . . on industry and the economy as a whole," the organisation said.

Rural organisations, though they support devaluation, began pressing the Government to-day for a general easing of tariff barriers to go with it. The director for Victoria of the Australian-British Trade Association, Mr. Keith Hobson, said that while devaluation had been regarded as inevitable, his members were surprised at the timing and magnitude of the decision.

The Deputy Prime Minister, Mr. Douglas Anthony, said the Government had given "very careful thought" to the timing and all the consequences of the decision. Inflationary effects had been taken into account but "the Government could not stand by and see the basic export industries *crippled by serious erosion* of their competitive position or international markets."

The Opposition's Shadow *Minister for Industrial Relations,* Mr. Ralph Willis, said to-night the Government efforts, foreshadowed yesterday by Mr. *Lynch, to further reduce real* wages dramatically increased the prospect of a major confrontation between the Government *and unions in the New Year.*

He said: "This massive capitulation to sectional pressures, destroys whatever credibility the Fraser Government still had in relation to economic policy and presages a new era of 'slumpflation'"

In his only comment on the economic measures, Mr. Fraser curtly dismissed appeals for tariff cuts and insisted that the latest decisions would improve the employment position substantially.

## Pakistan to go ahead with French N-deal

By Our Own Correspondent

KARACHI, Nov. 29.

DESPITE intense American lobbying to block the sale of a nuclear reprocessing plant, there has been no suggestion here that Pakistan will withdraw from its much-publicised deal with France to buy the reprocessing plant.

An agreement has been signed between the two countries, the arrangement has been finalised and an order has been placed with the French firm which would supply the $150m. plant to Pakistan.

Prime Minister Zulfikar Ali Bhutto has stated his intentions firmly: "We will not retract from the agreement—we are going to get the reprocessing plant," he said. A French Foreign Ministry spokesman, following persistent Press reports that France had virtually dropped plans for the sale, said in Paris: "There has been no change in agreements reached with Pakistan."

### No blackmail

Although Mr. Bhutto has made it clear there will be no *withdrawal from the deal,* he has said Pakistan would not mind rewording the safeguard clauses because "our intentions are *clear*—we are not interested in using the reprocessing plant for recycling nuclear waste for the production of weapons. *We are* interested in the plant for electricity production," he said.

U.S. Secretary of State Dr. Henry *Kissinger* said in Lahore last August that the issue would be discussed on merit "with no pressures or blackmail on either side" and added he hoped "it could be settled without confrontation." But America has applied pressure and Mr. Bhutto has taken strong exception to the remarks made during the U.S. presidential election campaigns. The President-elect Mr. Jimmy Carter said he would try to prevent proliferation of nuclear processing plants and added he hoped that the sale of plutonium processing plants by both France and Germany could be blocked. It now appears almost certain that the matter will not end there and Pakistan may have to readjust its position in the Central Treaty Organisation (Cento) if it is so forced by any new U.S. policies. Mr. Bhutto has said that if Mr. Carter has a new policy on arms sales and the U.S. role, "We too are not married to Cento. If events force use, we might consider Pakistan's withdrawal drawal from Cento and that would bring about a better understanding in our relations with the Soviet Union."

## Libya pulls out of Arab peace force in Lebanon

BY OUR FOREIGN STAFF

LIBYA yesterday announced that it was withdrawing its contribution to the Arab joint peace-keeping force in the Lebanon amid reports of opposition by the left-wing elements there to demands that they should assemble their heavy weapons and put them under the supervision of the multi-national intermediary.

The announcement was made by the Libyan Foreign Ministry in Tripoli. As reported by the state news agency ARNA, it said its aim in providing troops was not only to preserve peace but to preserve and protect "the Palestinian revolution and the Lebanese progressive forces."

In June Libya provided about 500 troops to the original 2,500-man nucleus made up also of Saudi Arabian, Sudanese and Syrian contingents. Since the Arab summit meeting approved a peace formula *just over* five weeks ago the Yemen Arab Republic, the People's Democratic Republic of Yemen, and the *United* Arab Emirates have also made token contributions but the joint force is more overwhelmingly Syrian in its make-up than was contemplated even when the Arab heads of state met in Cairo during the last week of October.

Yesterday's Libyan announcement stated that since the October summit "the nature of the Arab forces in Lebanon has changed and they have become a deterrent force instead of a peacekeeping *force.*"

It continued: "As the Libyan Arab Republic does not definitely know the body which is to be deterred by the Arab forces in the Lebanon, as the LAR does not wish to deter a Lebanese or Palestinian party, as the LAR is unaware of the steps to be adopted in the Lebanon and the situation is ambiguous in general, and as this change in the nature of the Arab forces from peace-keeping to deterring is really an end to the peace mission for which the Libyan Arab force was sent to Lebanon, therefore the LAR has decided to withdraw its troops from the Lebanon."

Having originally announced that the LAR was boycotting the meeting, Colonel Muammer Khedaffi subsequently dispatched as his representative Major Abdel-Moneim al Houni after entreaties by the Palestinian Liberation Organisation that Libya should be represented. He voiced opposition to the formula *previously* worked out at the restricted meeting of Arab leaders at Riyadh.

Since then Col. Khedaffi has seemed undecided whether to seek a rapprochement with Egypt and Syria or a solid "rejectionist" alignment with Iraq.

In the Lebanon itself the National Movement, left-wing and mainly Moslem in its make-up, was reported by Reuter to be resisting the demand that their heavy weapons should be assembled in arsenals under the nominal control of the rival armies but under Syrian supervision. Left-wing sources were quoted as saying that the collection of heavy weapons should be linked to the start of a political dialogue amongst the conflicting factions in the Lebanon.

Colonel Ahmed al Haj, the titular Lebanese commander of the joint force, is already faced with the *problem posed* by Palestinian insistance that the force should be allowed to retain some of its heavier weapons under the terms *of the Cairo* accords of 1969 and their subsequent amendments. These were endorsed by the Arab summit *as part of* the peace formula.

### PLO meeting

The 41-*member* Palestine Central Council will meet here on December 8 and 9 to discuss the future of the "resistance movement" *in the wake of* the Lebanese war, well-informed Palestinian sources said to-day, according to a Reuter report from Damascus.

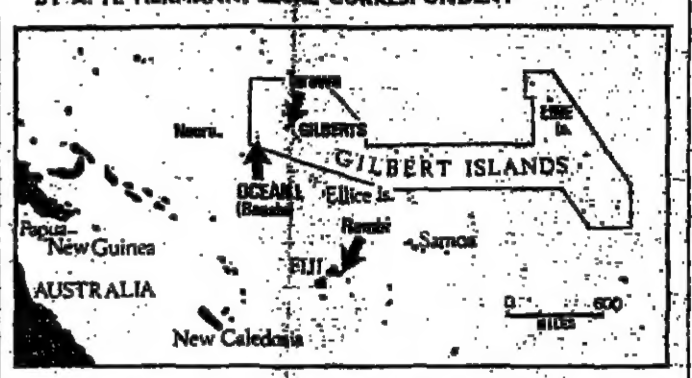
Mr. Yasser Arafat, Chairman of the Palestine Liberation Organisation (PLO), will preside over the meeting which will also consider calling a session of the Palestine National Council, the movement's Parliament.

Contacts are being made to try to persuade two radical "Rejection Front" commando groups to take part in the central council, which acts as a link between the National Council and the 14-man executive, they said.

In Paris, Mr. Farouk Kaddoumi *head of the political* section of the PLO said to-day the Palestinians oppose any Middle East federation including Palestine.

## Judge says Banabans' island 'devastated'

BY A. H. HERMANN, LEGAL CORRESPONDENT




*OCEAN ISLAND,* once the home of the Banabans, has been devastated, the Vice Chancellor Mr. Justice Megarry, said yesterday, *at the start of a judgment* expected to be the longest in the history of English civil law.

The judge gave no indication what his decision will be on the claim of the Banabans that British Phosphate Commissioners and the U.K. Government should replant the 1,500 acre island with food-bearing trees and shrubs, and pay more than £21m. in additional royalties for phosphate mining to the former inhabitants of the island. The Banabans, *who since the end of* the war have lived on Rabi, 1,500 miles away, would like to return to Ocean Island and to build up a fishing industry.

The delivery of the 250,000-word long judgment will probably be completed on Friday but continuation of the legal saga is already in prospect as an appeal is almost certain, whichever way Mr. Justice Megarry decides.

The action has already taken 221 working days to hear at a cost of more than £750,000. The judge has been preparing his judgment since June 16, digesting 10,000 pages of documents.

## Peking makes gesture to Albania

PEKING, Nov. 29.

CHINA paraded an all-star cast of leaders to-night *to* honour Albania in a move designed to demonstrate that relations between Peking and its tiny Balkan satellite are still as warm as ever.

First Vice-Premier Li Hsien-nien, Defence Minister Yeh Chien-ying and Vice-*Premier* Chen Yung-kuei all turned up for a big Albanian national day reception in the Peking Hotel.

*They heard China's Minister of* Foreign Economic Relations, Fang yi, assert in a speech that it was the desire of both sides *to "continue to consolidate and* develop our friendship."

Recently signs have emerged of a cooling in Sino-Albanian *relations.* The latest was when the People's Daily failed to publish a congratulatory message from Albania alongside those from other Communist allies. The occasion was the succession of Mr. Hua Kuo-feng to the Party Chairmanship.

Western analysts believe Albanian strongman Enver Hoxha was perplexed by China's post-Mao swing back to moderation

Reuter

CHARLES SMITH REPORTS FROM TOKYO

## Weakening conservative hold put to the test

THE JAPANESE ELECTIONS

NEXT SUNDAY'S general election in Japan will, without doubt, produce the closest result since the ruling Liberal Democratic Party began its 20-year reign in the mid-1950s. The party's hold on power has been weakening gradually over the past few years, partly because of changes in the distribution of Japan's population, and partly because ordinary people have begun to *question some of the basic* assumptions of Japanese conservatism, notably among them the LDP's commitment to rapid economic growth.

No one, so far at least, is suggesting that the LDP will be defeated. But their prospects of gaining anything *more than* a bare majority are uncertain, to say the least.

In some parts of Japan it is almost impossible to guess how the conservatives stand. The areas of greatest uncertainty, and hence the real battleground of the 1976 *elections,* are *the* fringes of major cities like Tokyo and Osaka. An example is Hachioji, a city of light industry, *rapidly dwindling* farm land, and commuter housing estates about one hour by train from the centre of Tokyo, where the *local LDP organisers* admit that "almost anything" could happen on election day.

Hachioji is one of two major cities making up Tokyo's No. 11 constituency. One of the LDP's problems there comes from the newness of the constituency; at the 1972 election a total of 1.8m voters in what was then the Tokyo No. 7 constituency put five candidates into the Diet (under the Japanese multi-member constituency system), of whom two were from the Liberal Democratic Party and one each from the Japan Socialist Party, the Komeito ("clean government" party) and the Communists.

*The LDP calculates* that, if the 1972 voting pattern is repeated this year, there should be just enough support to give two of the *four* seats in the *redrawn* (and smaller) No. 11 constituency to Conservative candidates. But the official party arithmetic could be thrown out by a range of other factors. One of the major unknowns is how the several hundred thousand *new voters in* the constituency will vote. These include not only those who were under age in 1972, but also an estimated 200,000 new arrivals. Most of these are Tokyo office workers to whom *Hachioji* is a dormitory town and who spend long hours

Mr. Tanaka . . . a liability to his supporters.

every day commuting on overcrowded train services to their office jobs in the capital.

A second unknown is the possible impact of the "new liberal club," formed last summer by defectors from the ruling *party.* The New Liberal Club candidate at Tachioji has no special links with the constituency (usually a must in *Japanese politics*), but *might,* according to LDP election organisers, draw off as much as 20 per cent. of the traditional Conservative vote.

The final uncertainty relates to the LDP's sitting candidate, 65-year-old Mr. Shoji Koyama, who happens to be a follower and friend of the now notorious ex-Prime Minister Kakuei Tanaka. Mr. Koyama is a heavily built man with a clipped moustache an da god deal in common with the self-made Mr. Tanaka. *He was born in Hachiojima,* became a textile worker after leaving primary school, and later founded a family business which *is still run by his sons.*

Mr. Koyama graduated to national politics via the Hachioji Municipal Assembly and has already been elected to the Diet four times. Without the moral and financial support of the Tanaka faction, it is a safe bet that he would not have got where he did either in National or local politics. But the Tanaka label has become a serious liability in the 1976 campaign.

The Tanaka fund-raising organisation (known as the Etsuzankai) is not handing out any money to faction members in the current campaign and, even if it did, Mr. Koyama's campaign manager says he would not be able to accept its help. "This *is bad enough, considering that* election expenses are up about 60 per cent. from four years ago. What is worse is that followers of the *ex-Prime Minister are fair* game for heckling for alleged involvement in the Lockheed affair.

*Mr. Koyama, who is not a* Lockheed suspect, says that all this is just something he has to put up with. Personal ties and a *sense of loyalty make it im*possible for him to pull out of the Tanaka faction at this stage, he says (even though Tanaka himself no longer leads the faction, having been forced to resign from the LDP after his arrest for alleged receipt of Lockheed bribes last summer).

In public appearances Koyama shrugs off the heckling and patiently puts over the message that conservatism (which he and all other LDP politicians invariably refer to as "*liberalism*") has made Japan what it is to-day. Last Sunday night an audience in a school gym listened while *Mr. Koyama put down Japan's* high life expectation (second only to Sweden's) to the good welfare and medical services provided by the Government—"What about the suicide rate?" shouted one interrupter. There seemed to be less dissidence when Mr. Koyama made the point that Britain was going downhill because of its "socialist system."

If Mr. Koyama loses on Sunday because of his Tanaka affiliations his LDP running mate, a former mayor who is a member of the party faction *headed by Mr. Takeo Fukuda,* will presumably be elected. If only one of the two men gets past the post, however, and if *the same pattern* is repeated in Hachioji's sister constituency, the LDP will end up with two Diet members out of eight representing *this particular part of* the Tokyo megalopolis, where before it had two out of five.

There are 20 new-created constituencies *on the fringes of* big Japanese cities this year, and quite a few of the sitting candidates have problems like those *of Mr. Koyama. What happens* in these places could determine the position of the LDP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WORLD TRADE NEWS

# Sharp drop in orders brings lay-offs at Saviem

BY DAVID CURRY.

PARIS, Nov. 29.

THE SHARP decline in orders for both home and export deliveries is forcing Saviem, one of the two commercial vehicle subsidiaries of the nationalised motor company Renault, to introduce lay offs for five days over Christmas at its factory near Caen. The company has already lost one day in November in an attempt to cut back production in the face of stocks of some 3,000 unsold vehicles.

Renault's other lorry builder, Berliet has not yet had to resort to layoffs but it is as hard hit as Saviem and a reduction in working hours cannot be excluded. Renault says that orders for lorries of less than six tonnes, which is the larger part of Saviem's production, were 59 per cent. down on a year ago for the home market and 32 per cent. down for export.

Although all sectors have been badly hit, the relatively lighter lorries had suffered the worst short-fall. The company suspects that part of the problem is that small concerns which were encouraged to place order last year to take advantage of the Government's investment concessions have deferred taking deliveries in the light of persistent economic difficulties and the continuing lack of confidence.

The sharpness of the downturn which has hit the industry since the summer is illustrated by figures produced by the French motor Manufacturers Association. Production of utility vehicles up to six tonnes in the first 10 months of the year were more than 46 per cent. up on the same period last year at around 300.000 and exports were some 12.5 per cent. ahead. For October alone, however, reduction was only 1 per cent. ahead of last year and exports 5.5 per cent. down.

For weights of more than six tonnes, which takes in much of Berliet's range, production was some 5 per cent. up over 10 months but exports were 23 per cent. down. For October alone output was one per cent. ahead and exports 28.5 per cent. lower.

In the home market for vehicles of more than six tonnes Berliet had a share of some 26.9 per cent. and Saviem 19.3 per cent. over the first three quarters of the year.

# GATT textile talks open

By David Egli

GENEVA, Nov. 29.

A MAJOR review of the multi-fibre arrangement which regulates world trade in textiles will be undertaken here over the next three days by the textiles committee of the General Agreement on tariffs and Trade. It will set the scene for examination, next week; of whether the textiles arrangement should be continued in its present form when it expires at the end of next year, whether it should be modified, or discontinued.

The Committee has before it a report of the Textiles Surveillance Body which describes the operation of the arrangement since it came into force at the beginning of 1974 and the actions taken under it by the participating countries. It attempts to analyse, as far as is possible, the affects of the arrangement on textiles trade and textiles policy and the degree to which its objectives have been realised. The report studies the extent to which restrictions on trade in textiles have increased or diminished during this period, and the frequency of recourse to the main operative articles.

Relatively high-ranking delegations are here from all the main textile trading countries. The European Community representative, Mr. B. Meynell, has indicated concern at the increase in the growth of textile imports into the Community in recent years and is expected to take a reasonably hard line in negotiations on a renewal of the multi-fibre arrangement.

# N. Zealand opts for compromise

BY DAI HAYWARD

WELLINGTON, Nov. 29.

NEW ZEALAND was caught unawares by Australia's hefty 17½ per cent. devaluation on Sunday. Thus its own decision last night to devalue the New Zealand dollar by 7 per cent. against all currencies except the Australian dollar is a compromise, though one reached after 24 hours of intensive deliberations.

In making it, New Zealand hopes to retain some competitive advantage for its exports in the increasingly important Australian market while at the some time minimising the higher import costs caused by devaluation and which will rebound on New Zealand's own inflation rate.

As against the Australian dollar, the New Zealand dollar is now worth 89 Australian cents—ten cents more than last Friday. It has lost 6 cents of its value against the American dollar.

In deciding on a different parity for the Australian dollar as against other currencies, the major factor was the effect on New Zealand's exports to Australia. Prime Minister Robert Muldoon admits his Government seriously considered making no change at all against the Australian dollar. This, however, would have meant too big a loss for New Zealand manufacturers who would have lost much of the competitive advantage they have enjoyed for the past 15 months.

New Zealand's 15 per cent. devaluation in August last year gave New Zealand a 22 per cent. price advantage over Australia. This provided a tremendous incentive to New Zealand's trade with Australia. Exports have since increased by 80 per cent. and now stand at $250m.—mostly from manufactured goods. In the coming year they could top $300m.

With its current balance of payments problems—the deficit has been running at an annual average of $750m. for the past two years—New Zealand cannot afford to lose any of this export market. Indicative of industry's sensitivity was the surprise of the Manufacturers Federation. "We never thought Australia would devalue by this much," said President Mr. Lloyd Brown.

Mr. Muldoon equally admits that the size of the Australian move was bad news for New Zealand. He claims that when he spoke to the Australian Federal Treasurer, Mr. Lynch, a month ago he was told Australia had no intention of devaluing. Mr. Lynch telephoned the New Zealand Prime Minister at 2.30 Sunday afternoon with the news.

The full impact of the 7 per cent. New Zealand devaluation in the U.K. and other countries could be slightly cushioned by the fact that New Zealand's exchange rate is not tied to any one currency. Instead the New Zealand reserve bank uses a basket of currencies drawn from New Zealand's main trading partners to determine an average exchange rate. Because Australia is one of the countries in the basket the effective devaluation in other areas could be no more than 5 per cent.

This will also help to cushion the adverse domestic inflationary effects. The government has so far failed to get inflation down. Prices are still rising at an annual rate of 16 per cent. a year in spite of government action to contain inflation.

The Government is now facing a demand from the Federation of Labour for a 8½ per cent. general wage increase for every worker in the country. This claim could be stepped up if higher costs of raw materials and imported goods push up internal prices and find their way into the cost of living index. Individual militant unions are also battling the Government for wage increases.

On the other hand devaluation will be of only marginal benefit to New Zealand's primary export industries. Most agricultural exports are sold on markets outside Australia and with current world prices demand do not need the stimulation of devaluation. Nonetheless the New Zealand Meat Producers Board says Australia's 17½ per cent. devaluation gives Australia a competitive edge in the two free trading meat markets — the Soviet Union and the Middle East. However the Board does not seem unduly perturbed about the effects of Australian devaluation in competing with New Zealand in other world markets.

One consequence of the devaluation may be to hasten a move which Mr. Muldoon has said New Zealand is contemplating. This would involve a break from the present system of linking New Zealand's dollar with a basket of currencies to a parity flexibly determined by changing market conditions.

For the moment, however, the Government has decided on a compromise figure of 7 per cent. This is more than Mr. Muldoon's Cabinet wanted, less than manufacturers would have liked, and smaller than the economists believed it should be.

# Cambodia opens up

HONG KONG, Nov. 29.

CAMBODIA'S COMMUNIST regime is quietly making low level moves to establish commercial ties with the capitalist world.

It has been learned that the Cambodian Government has set up a state trading company here. Recently the U.S. Government, in its first "friendly" gesture toward the regime in Phnom Penh, approved the shipment of an insecticide needed to fight malaria. U.S. Government sources say the insecticide is being sold to Cambodia by Stauffer Chemical and represents the first commercial transaction between a U.S. company and Cambodia since the Communists took over the country last year.

The Cambodian trading concern—Ren Fung Company was incorporated in Hong Kong last month and has opened an office in the Yien Yieh Bank building — Yien Yieh is a Communist Chinese bank.

Although the incorporation papers do not identify Ren Fung as a state trading company, Western diplomats believe it's exactly that.

A businessman who follows events in Indochina said he believed the Cambodians would be shopping for spare parts for machinery and other supplies that they are unable to produce at home or obtain from the Communist bloc.

The moves come at a time when Cambodia appears to be moving slowly toward greater contact with foreign countries after turning bitterly inward when the Communist regime took power in April 1975. Last month, Cambodia signed a protocol with Yugoslavia aimed at economic co-operation. AP-DJ

# Perkins Yugoslav deal

BY TERRY DODSWORTH

PERKINS ENGINES, the Peterborough subsidiary of Massey-Ferguson, has won an order valued at more than £750,000 from Yugoslavia's major car and truck manufacturer, Zavodi Crvena Zastava of Cragujevac.

Zastava has ordered more than 1.000 four-cylinder diesel engines and parts for delivery in 1977. The company makes vehicles under a Fiat licence and began installing the units—the Perkins 4.108 diesel—in vans for the domestic market last year. This year's order shows an increase of 25 per cent. on the 1975 rekuirement.

The same diesel engine has recently been installed in a version of the Alfa Romeo Giulia car, and goes into an Alfa light van.

# Tourist purchases in U.K. worry Norwegian retailers

BY FAY GJESTER

OSLO, Nov. 29.

A SUDDEN recent crackdown by Norway's Customs on the growing number of Norwegians visiting Britain to shop had led to queuing and congestion at ports and airports handling this traffic.

Tougher inspection of returning shoppers was introduced after Norwegian clothing manufacturers and retailers complained their trade was being hit by the growing vogue for shopping across the North Sea.

In the first eight months of 1976, some 135,000 Norwegians visited Britain, taking with them Kr.350m. (£40m.) worth of sterling in cash and travellers' cheques. Much of this money was certainly spent on clothes, which on average now cost only half as much in Britain as in Norway. The Norwegian Clothing Manufacturers Association claims that tourist purchases in Britain now account for a tenth of all Norwegian spending on clothes.

The stricter checks have come as a shock to Norwegians. For years, customs checks have been cursory and concerned mainly with enforcing the limit on duty-free imports of spirits and tobacco. Now, following the letter of the law, inspectors are demanding the 20 per cent. Norwegian VAT on all goods over the £40 tourist import quota. Stavanger Airport Customs took Kr.18.000 in VAT alone during a recent week-end.

Duty may be levied, too, in the case of clothes from the U.K. at 25 per cent. on purchases over a limit of £126.

In a letter to the Customs Directorate, the Norwegian Travel Agents' Association has complained that the crackdown —almost total in the case of travellers from Britain—is having a negative effect on tourist traffic, causing long queues and "great irritation." The directorate is now considering an increase in the £40 tourist import quota, which has been unchanged for over 200 years.

# Brandy and chicken war is on again

By David Buchan

BRUSSELS, Nov. 29.

EEC OFFICIALS expressed regret at the U.S. decision to raise the duty on brandy imports, and said that the Commission had done its best "to avoid the present situation where both the Community exporters of brandy and U.S. exporters of turkey are worse off then they would otherwise have been."

The U.S. announced on Friday that it would raise the duty on imported brandy valued at over $9.0 a gallon to $3.0 from $1.25 a gallon from December 10, which would apply mainly against higher priced brandy shipments from France. The action was taken after the U.S. and the EEC failed to reach an agreement that would ease EEC import restrictions on poultry products from the U.S.

While claiming that there was no question of retaliation by the EEC to the U.S. move on brandy, the officials make two qualifications. First the semi automatic increase on the import levies for U.S. turkeys which had been held back in recent months was now bound to take effect. Second, the Commission's offer this year to reduce protection on turkey drumsticks and thighs by 15 per cent. (in exchange for certain U.S. concessions on potato starch and dextrine) was now obviously no longer on the negotiating table.

# Finns win Turkish order

METEX CORPORATION, an export organisation of Finnish metal and engineering companies, has won a quarter share in a Fmks.800m. (£125m. at the current exchange rate) order placed by the Turkish state power utility for a thermal power station of 2 x 165 megawatts Lance Keyworth reports from Helsinki. The station is to be built at Soma and completed in three and a half years. The main supplier will be Skodaexport of Czechoslovakia which is delivering the turbines, generators and transformers. A Turkish construction company will be responsible for the construction and installation work.

The four Finnish companies involved are supplying the 17 kilometres long coal and ash transport systems, a coal crushing plant, instrumentation, etc. The project is of particular interest to Finland as it is the first concrete result of one aspect of its technical and economic agreement with Comecon. This foresees the possibility of co-operation between Finland and Comecon in carrying out major projects in third countries.

● Zaire has awarded a turn-key contract to a group of French companies calling for the installation of a nationwide space division telecommunications system, involving television, radio, telephone and telegraphic networks led by **Thomson-CSF**. Terms have not been disclosed.

● **Societe Alsthom-Atlantique**, its subsidiary **Stein-Industries** and **Societe Generale d'Enterprise** all of the CGE group have been awarded a Frs.1bn. contract to build an oil-fired thermal power station in Iran, which will be located at Tabriz and be operational in three years' time. Two generators of 357 megawatts each are to be supplied by a Japanese concern under the terms of a previous contract.

● Imperial Krauss-Maffei Industrienlagen, a subsidiary of **Krauss-Maffei**, has received a contract valued at DM13m. to deliver a lime-burning installation to China, ordered by China Technical Import, for the Wuhan steel works. The plant is to have a capacity of 600 tons a day burnt lime. The German company is also to train Chinese to operate the plant.

● The Venezuelan cement industry has ordered 20m. sacks of cement from Spain, to be supplied next year by the **Exportadora Espanola de Cementos Portland**, to fill part of the deficit in national cement production caused by the local construction boom that began in 1974. No price was released for the transaction.

● **Petrocarbon Developments**, a part of the Burmah Engineering Company, has been awarded a contract by Krupp Koppers for the design and supply of a cryogenic hydrogen recovery plant in Bulgaria and the supervision of it's erection and commissioning during 1978. The plant will form part of a large aromatics complex that is being built at Burgas for Technocomplekt.

● **Energie-un Verfahrenstechnik** is leading a West German/Soviet consortium which has received an order worth around **DM500m.** from the state-owned Public Power Corp. of Greece to expand the Kardia power station. The order is for two power blocks, each with a capacity of 300mw. Other members of the consortium are Energo-machexport of the USSR, and the German companies Brown Boveri und Cie AG and Mannesmann Rohrbau.

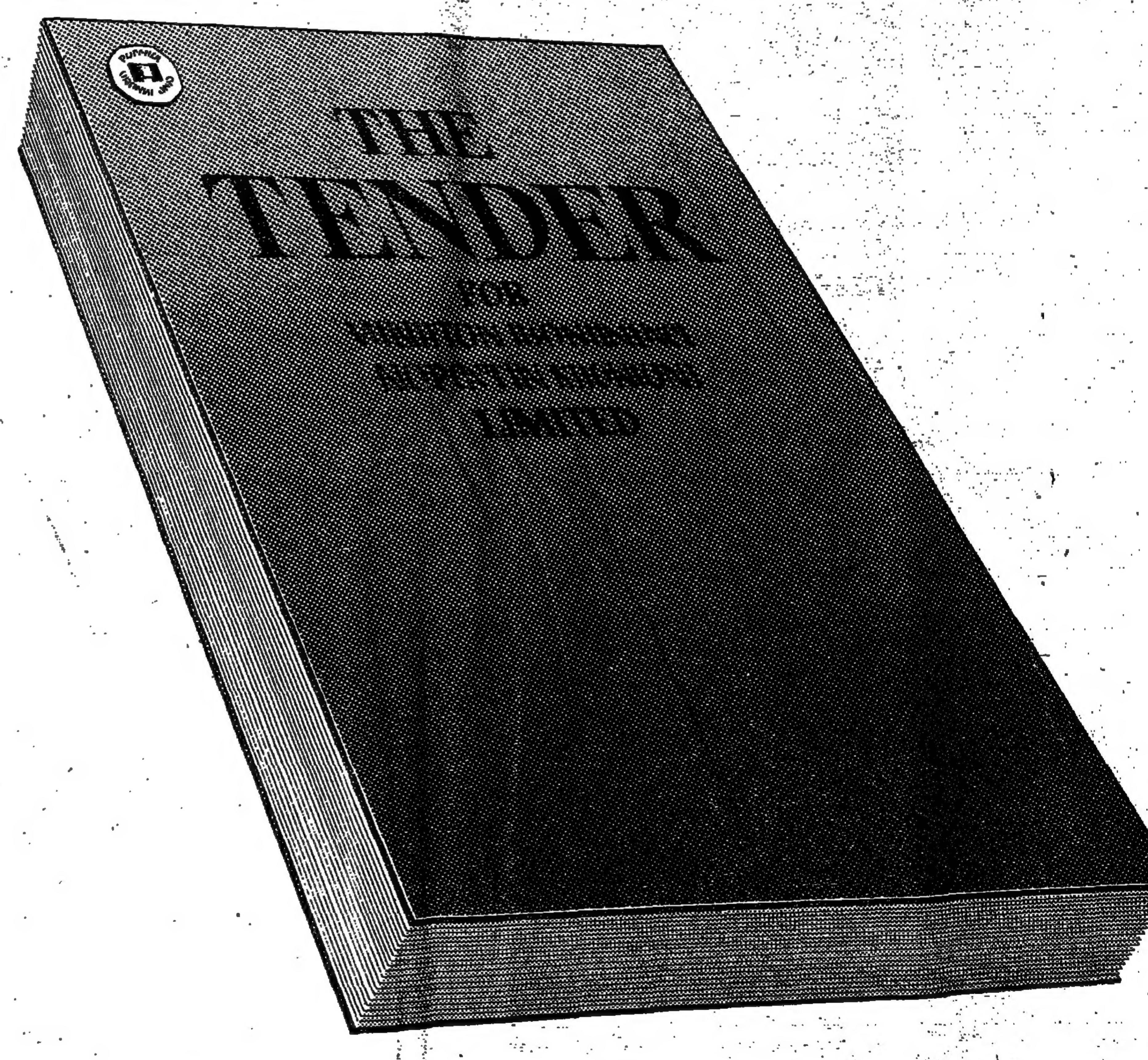
● **Vickers Engineering Group** will be participating in a £1m. contract secured from **Bell Lines** for the manufacture and erection of a Paceco-Vickers longspan high-speed Portainer crane to be installed on their new facility at Tancarville, near **Le Havre**. The contract will be undertaken by the design and projects division with manufacture of the crane to be carried out at Vickers Scotswood Works in Newcastle for completion by 1978.

● **The Hyundai Motor Company** of South Korea has announced that it is selling its Pony brand small trucks, the first Korean motor ever introduced in Taiwan's market.

Under existing Government regulations, except for the mini-bus and truck, foreign-manufactured saloons, station wagons, and jeeps are not allowed to be imported into Taiwan.

Agencies

● **Singapore Shipbuilding and Engineering Ltd.**, has won a contract to build a landing craft, costing Singapore $640,000 for the Abu Dhabi Government.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HOME NEWS

# London buses plan calls for £20m. spending

BY IAN HARGREAVES, INDUSTRIAL STAFF

LONDON Transport wants to spend £20m. on 660 new buses to overcome problems with its present fleet.

But the plan could lead the Greater London Council into renewed conflict with the Government, which is unlikely to be sympathetic to any attempt to increase London's new bus grant, which would normally be expected to cover half the cost of the replacements.

The GLC and the Government have only just settled their differences over the level of revenue support for London Transport next year.

The precise response of the Department of Transport on bus grants remains a matter for speculation. Details of even next year's allocations will not be known until January. The London Transport plan calls for deliveries of buses between 1977 and 1979.

A further Government consideration, however, will be the future of British Leyland's £13m. B15 bus project. The National Enterprise Board, Leyland's major shareholder, has yet to decide whether this bus, which is already being tested on London routes, should go into full production in 1978.

A report from Mr. Fred Pooley, GLC controller of planning and transportation, suggested yesterday that an early order from London Transport might be necessary to prevent the B15 project from collapsing.

British Leyland said yesterday that the B15 had been designed with special consideration of the problems of London operation in an attempt to answer criticisms that Leyland's Daimler Fleetline double-decker, in wide service with London Transport was not sufficiently sturdy.

The London Transport investment plan, contained in a report to the GLC transport committee, calls for the purchase of 450 double-deckers (either B15s or the Metro-Scania Metropolitan) at a cost of £15m. at mid 1976 prices and 210 single-deck Leyland Nationals at £5m.

Of the £20m. total £2.4m. has been included in London Transport's preferred 1977 capital budget and will thus be the first component to be considered for the Government bus grant.

The buses to be replaced are the entire fleet of British Leyland AEC Swift single-deck buses, which London Transport has found very disappointing and which Leyland no longer produces. The buses will be retired after a maximum of seven years service, against an expected average life of 14 years for a London bus.

Probably as a result of this reliability problem, Mr. Pooley advised the GLC not even to commit itself to the apparently satisfactory B15 beyond the initial set of orders.

Behind the decision to request £20m. for replacement of more than 10 per cent. of the London Transport fleet is anxiety about how the service can make more manpower economies.

Faced with an anticipated deficit next year of £93m., the need for economy it self-evident. But Mr. Pooley's report made it clear that London Transport was far from overcoming the operating difficulties involved in the widespread use of single-man double-deck buses on busy routes.

## Priority

The only practical way of achieving this breakthrough was with a simpler, three-tier fare structure and more efficient fare collection, the report said.

An experimental service embodying these ideas should have come into operation last month. Mr. Pooley urged that the project be undertaken as a matter of top priority next autumn.

London Transport said yesterday the double-deck buses it wished to order would be capable of single-man operation.

# Schoolboys' car could replace invalid trike

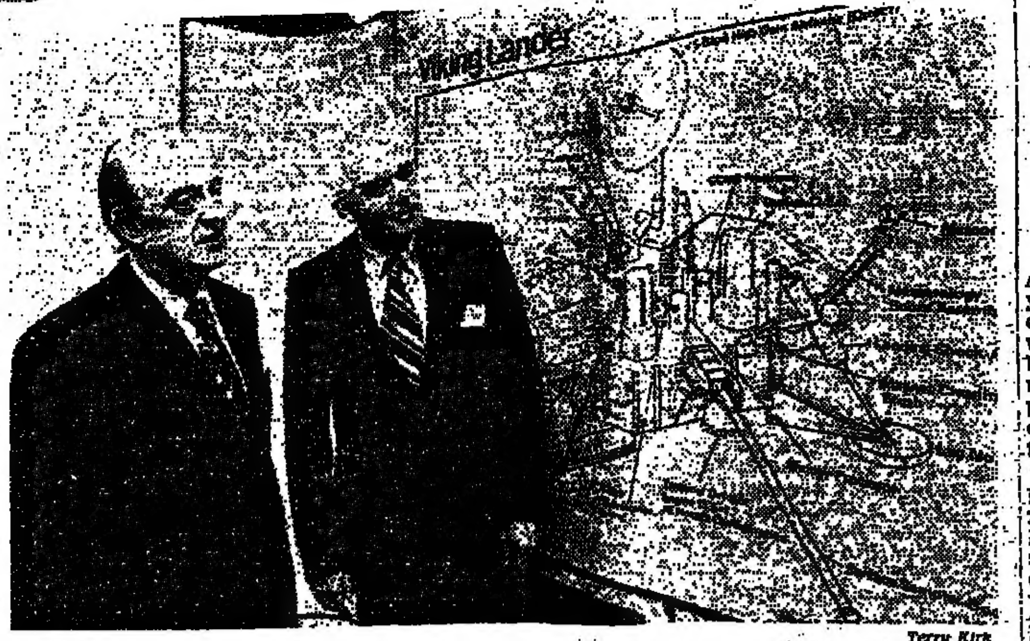
AN AWARD-WINNING car built by schoolboys for £50 will be tested by Mr. David Ennals, the Social Services Secretary, as a possible replacement for the invalid tricycle, which is being phased out.

The circular, four-wheeled town car, called the Wasp, was built by pupils at Broadland School at Hoveton, near Norwich, and can seat three people.

Headmaster Mr. Harold Church said yesterday: "It is made of glass fibre, powered by two scooter engines and can travel up to 30 mph. It can turn on its own axis and, as it is only 5ft 9ins in diameter, will fit into the smallest parking place."

More than 150 pupils spent their lunch-hours and spare time building the car, which won an award in a national competition run by BP.

Mr. Ennals, the MP for Norwich North, will visit the school on Friday, when he will be invited to go for a test run in the car.



Terry Kirk

Dr. James Martin (right), manager of the NASA Viking project to Mars, opens an equipment exhibition at the U.S. Trade Centre in London with Mr. Charles M. Shaw, director of the centre.

# Airikkala beats off challenge

By John Griffiths

THE PRIVATELY-entered Ford Escort RS1800 of Pentti Airikkala last night held the works Escort of Britain's Roger Clark at bay as the 100 survivors in the Lombard RAC Rally headed north past Bristol for the 20 or so final stages in the punishing mountain terrain of Wales.

With over 1,100 miles of the 1,800-mile route covered, third place was still occupied by the works Saab of Stig Blomqvist, but the vastly experienced Swede was falling back, his 16-second deficit at the Bath re-start yesterday morning having increased to over 40 seconds by early last night.

Surprisingly, still within attacking distance of Blomqvist was the Escort of Ireland's Billy Coleman, which went through the scenic parkland stage at Wiscombe, near Honiton, yesterday afternoon with no rear screen and the bodywork ripped away on one side after a heavy roll a short while earlier.

After Sunday's puncture, clutch and suspension problems for the Triumph TR7s of Tony Pond and Brian Cucheth—which saw Pond drop from second to 19th place—Leyland hoped yesterday morning that, with both cars serviced, their problems were over.

For Pond they were, and his car had climbed four places by last night.

But Brian Culcheth was not quite as lucky. His gearbox jammed on the start line yesterday morning and he had to be pushed across.

However, after a new gearbox was fitted inside an hour, last night he was only two places behind his team mate and a late challenge to the top 10 from the streamlined newcomers to the rally scene was still a possibility.

# United devolution opposition unlikely

BY RAY PERMAN, SCOTTISH CORRESPONDENT

THE SCOTTISH Nationalists may face a divided opposition if the Government bows to a demand from Labour MPs and allows a referendum in Scotland on devolution and independence.

*Although some leading* Labour and Conservative members would be keen to speak on the same platforms against independence, they are admitting now that launching an umbrella movement to channel funds and direct effort, as happened during the EEC referendum campaign, might not be possible because of the split over devolution.

The final attitudes of both parties will not become clear until the Devolution Bill, which is published to-day, has finished its passage through Parliament. Most Tories oppose the Government's proposals, and are unlikely to want to speak on the same platforms as Labour politicians, even though they share the same attitude on the independence question.

One of the leading campaigners for a referendum, Mr. Norman Buchan, Labour MP for West Renfrewshire, said yesterday that he was not deterred by the difficulties in campaigning nor by the result of a poll conducted by the Daily Record which showed 44 per cent. support for independence.

He criticised the Record poll as based on crazy methodology.

"But even if this was an accurate result, I would still want a referendum. Parliament is not empowered to set up a separate state or say that there should not be one, this is an issue where we must get a clear opinion from the people."

The Record poll, which was analysed by Dr. Richard Rose, Professor of Politics at Strathclyde University, received 45,000 replies. Facing three constitutional options, 44 per cent. voted for independence, 40 per cent. for devolution with a Scottish *Assembly, and only 15 per cent.* for the status quo.

Professor Rose said that the poll could not be representative of Scottish voters, but checks had shown that it was representative of readers of the newspaper. The Record is the Scottish sister of the Daily Mirror, and sells heavily in the industrial West of Scotland, where the major fight between Labour and the Nationalists is taking place.

## Conflicts

The poll results conflict with the results of other polls by professional organisations using interviewers. They have shown a much smaller proportion for independence, and much larger one for devolution. Record readers were asked to fill in a form and send it to the paper.

The poll shows a 22 per cent. swing among readers from Labour to Nationalists. Professor Rose pointed out that this was not inconsistent with the size of swing away from the Government in the Walsall and Workington by-elections. He added that the SNP was particularly vulnerable to rapid loss of support.

# Assembly for Scots 'no gain for Shetland'

By Our Lerwick Correspondent

SHETLAND WOULD gain no benefit from the establishment of a Scottish Assembly, the island's council said yesterday after a six-man working group had reported its findings on the issue.

Reaffirming its opposition to the Government's devolution plans for Scotland the council said it believed the majority of Shetlanders were satisfied with the *status quo*.

The council believed the constitutional changes likely to take place might be the first step towards even more radical change. "We want to protect Shetland's position from the outset and retain a distinct voice on behalf of Shetland in the future."

They fear an assembly might mean the loss of their all-purpose authority status, established in 1973, and their controls and opportunities in relation to North Sea oil developments.

The council is to start preparing separate legislation to safeguard the Island's position ready for submission to Parliament should this become necessary.

It will also commission a study on all aspects of Government in Shetland with an eye to seeking Isle of Man status should Scotland eventually seek separation from England.

# Nationalisation row hits shipyard sale

BY OUR OWN CORRESPONDENT

AN UPPER CLYDE ship repair yard in receivership is to be closed at the end of the year, with about 250 redundancies, because uncertainty over nationalisation has led two prospective purchasers to abandon the idea until the nationalisation Bill row is settled.

Mr. Robert C. Smith, the Receiver appointed on September 27 to Alexander Stephen Ship Repairers, told trade union representatives yesterday that the two companies interested in the yard were now unable to make any firm offer before early next spring.

As there was no work after an existing ship repair contract was completed on December 17, there was no alternative to closure.

The business which employs 280 people, will be kept on a care and maintenance basis with a nucleus of about 30 staff, so that in the event of revived interest next year it will still be up for sale as an entity.

A spokesman for Mr. Smith said later that any company interested in acquiring the yard would not want to proceed when it could not tell if it would be competing against other yards on a commercial basis.

It is also believed that at least one of the prospective buyers is already involved in a ship repairing company facing nationalisation and was seeking an alternative operation to continue in the business privately.

There was bitter reaction from the trade unions. Mr. James Ramsey, Clyde district delegate of the Boilermakers Society, said that the yard was the first victim of "those bloody old fools" in the Lords and attacked the Scottish Nationalists for voting against the nationalisation Bill in the Commons.

The company, which called in a receiver because of large losses resulting from a shortage of work, is now carrying out an annual overhaul on a Post Office cable-ship, the sixth vessel to be handled by the receivership.

The company's other yard, at Leith on the Firth of Forth, a smaller operation employing 40 men, was closed in October, but there are still hopes of finding a buyer.

# Teachers' colleges may be cut from 100 to 70

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

MRS. SHIRLEY Williams, Education Secretary, yesterday received professional backing for the Government's plan to reduce the number of places in teacher training colleges in England and Wales to 45,000 by 1981.

This implies a cut in the number of colleges from 100 to about 70.

The 30-member Advisory Committee on the Supply and Training of Teachers, meeting in London, voted two-to-one in support of the plan, despite opposition from the National Union of Teachers and the National Association of Teachers in Higher and Further Education.

These two unions wanted the 1981 target to be held at 50,000 places, compared with the previously projected figure of 60,000.

A NUT spokesman said afterwards that the larger cut was inconsistent with the Prime Minister's and Mrs. Williams' wish for improvements in pupils' standards of educational attainment.

The Government claims that, because of falling birth rates, the 45,000 figure—made up of 35,000 places for initial trainees and 10,000 for experienced teachers undergoing further training—will be sufficient for continued improvements in school staffing standards.

It also maintains that the planned college system would be capable of rapid re-expansion to 60,000 places if birth rates suddenly returned to an upward trend.

# '£7m. to collect motor levy'

BY ERIC SHORT

IT WOULD cost insurance brokers between £7.5m. and £10m. extra to collect the proposed levy on motor insurance policies for injury treatment at National Health Service hospitals, according to Mr. Robert McCrindle, parliamentary adviser to the British Insurance Brokers' Council.

In a letter to Mr. David Ennals, the Social Services Secretary, Mr. McCrindle points out that brokers were not opposed to the imposition of the levy, but were seeking reconsideration of the method of collection. Many small broking firms considered the proposed method for collection cumbersome, difficult, and expensive. He suggests that it would be cheaper for the levy to be paid an addition to the Road Fund Tax.

The BIBC stated yesterday that it would cost brokers on average at least £2 for each motor insurance client. There were about 17m. motor vehicles registered, and between 35 per cent. and 40 per cent. of insurances were arranged through brokers.

# Car sales buoyant but future in doubt

By Terry Dodsworth, Motor Industry Correspondent

Motor Industry Correspondent — CAR SALES are continuing to show a surprising buoyancy in the past few weeks of the year, despite the recent tightening of credit facilities and industry fears of a downturn.

With registrations for the first 20 days of October already counted, sales have now surpassed the total for the whole of last year, which itself was an improvement on 1974.

There is a slight possibility that registrations this year will exceed the revised forecast of 1.27m. vehicles made by the Society of Motor Manufacturers when it became clear that its early prediction of 1.1m. was too low.

These hopeful signs from the market come amid increasing doubts about the prospects for next year.

Before the recent currency crisis hit Britain and it became clear that new "deflationary" economic measures might have to be taken, the Society of Motor Manufacturers was forecasting appreciably higher sales next year, with a total market of 1.35m. cars. But there are signs that some car companies are now quietly scaling down this forecast in expectation of some moves which could affect car sales—such as higher petrol prices—in the economic package expected soon.

## Slender lead

In the first 20 days of October, car sales were 95,000 against 87,000 in the same period last year. This gives a total of 1,212,000 for the year so far, against 1,194,000 during the whole of last year.

If next month is reasonably successful, the forecast 1976 target of 1.27m. cars is obviously attainable.

British Leyland is still holding on to its slender lead from Ford, with 29 per cent. of the total market, against Ford's 25 per cent. Imports are slightly down on their recent performance at 34 per cent.

Ford's own total of imports from its Continental associates is expected to go up substantially this month following the transfer of the Capri line—which accounted for 28,000 sales in the U.K. last year—from the Halewood works in Liverpool to Germany.

# Stockport wins council game

By Donald Maclean

Borough Council has won the 1976 local government management game promoted by the Local Government Chronicle and the West Midlands County Council, succeeding the inaugural winners, Sandwell Metropolitan District Council. There were seven other regional finalists. The contest was judged by a panel of local government experts yesterday at Caxton Hall, London.

# Take-home beer sales increase

BY KENNETH GOODING

BEER SALES through multiple grocers and co-ops are now worth about £67m. a year and represent bigger business than some traditional commodities such as jam and flour, according to Mr. Bryan Matthews, managing director of Whitbread's take home division.

Beer compares favourably with other grocery commodities for gross profit, he said yesterday. Apart from promotional allowances, gross profit on beer sales through supermarkets is about 20 to 25 per cent., compared with 5 to 7 per cent. for cigarettes and tea, 7 to 10 per cent. for coffee, and 16 to 19 per cent. for soup.

Whitbread estimates the total take-home alcoholic drinks market to be worth £1bn., of which £300m. is attributed to beer, which carries a lower level of duty than wines and spirits.

Take-home sales of beer, said Mr. Matthews, should increase by 5 to 10 per cent. a year during the next five years, against an expected growth of only 2 per cent. a year for the total beer market.

The British take-home beer market is the smallest in Europe, with only 12 per cent. of total consumption — reflecting the unique position of the public house in British society. Next smallest is Spain with 35 per cent. The European average is 65 per cent.

Mr. Matthews was giving details of Whitbread's decision to form a new limited company to handle beer sales to the multiples and Co-ops. Whitbread Take Home will be launched next year.

Whitbread believes that the trend towards grocery retailing for take-home drinks will continue expanding quickly. "In ten years' time this market could be truly significant," Mr. Matthews maintained.

"However, we do feel retailers could become even more profitable by marketing carefully selected brand leaders. Planned promotions on brand leaders in all sectors of the take-home drinks market will provide this profitable volume and create greater brand loyalty.

"The market is big enough to accommodate all the brand leaders and we would welcome an open dialogue with other major brewers and retails to help bring this about."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# uernsey raises indirect xes to cut borrowing

R GUERNSEY CORRESPONDENT

TIAL INCREASES in ıs of indirect taxation ɔsed in Guernsey yes- bring down the island's rowing requirement— re than £4.5m. on the ree-year capital spend- ·amme—to "a more level."

ther taxes mean an on a standard bottle or gin, 10p on a bottle ine, at least 5p on 20 lter cigarettes, and 5p n of petrol.

ncreased levels will be endorsed by the Parliament when it e finance committee's Budget proposals on December 15.

It is proposed to put up car tax next year from £1.50 to £2.00 per cwt., with proportional increases for diesel-engined vehicles, except for buses.

In addition, the finance committee recommends that a new system of charging different rates of tax on various types of house property—already approved in principle by local MPs—should be brought into force from January 1.

This means that, while the tax on local housing of up to £50 a year rateable value will remain much as it is—at 18p in the £ against the current 15p in the £—the tax on larger houses available to wealthy settlers will rise steeply from 15p to 81p in the pound. This tax is separate from parish rates.

No increase in the island's 20 per cent. rate of income tax is proposed. The rate of corporation tax levied on companies registered in the island, but not trading locally, stays at £300 a year.

To help lower and middle income groups, income tax allowances and supplementary family allowances are to be increased.

Total relief will amount to about £696,000 in 1977 and £726,000 in 1978.

RGARET THATCHER, Conservative leader, ıe "Girl Most Likely" award to Sue Sherrell, victim who has won gold medals for swimming. —made by the British Junior Chambers of as recognition of success and encouragement for ccess—was won by Mrs. Thatcher last year. ls Mr. Edward Reeves, president of the Junior Chambers of Commerce (London).

# Betting duty payments fall £1m.

By Michael Thompson-Noel

A £1.15M. FALL occurred in betting and gaming duties paid last month compared with October last year, although this is not thought to herald a betting slump.

The pattern of receipts is sometimes distorted by payment procedures, which is the likeliest explanation of the reduction in duty received from £26.54m. to £25.39m.

On the other hand, there was a marked drop in football pools duty last month — £8.67m. compared with £10.08m. a year earlier.

Bingo duty payments rose from £610,000 in October 1975 to £1.18m., but that follows a doubling in the bingo rate last September from 2.5 to 5 per cent.

There were small falls in the duty paid by on-course bookmakers and horse and dog-track totes, but off-course bookmakers paid £12.16m. compared with £11.86m. a year ago.

The underlying rate of off-track betting expansion remains at about 12 per cent.

All told, the betting and gaming duties raised £285m. in the financial year 1975-76.

# BR raises catering charges

Financial Times Reporter

BRITISH RAIL has increased charges for its train catering services.

Prices were last increased in March. British Rail said yesterday that since then, large increases in food costs had to be absorbed. Examples quoted yesterday were: coffee up 76 per cent., tea up 34½ per cent., milk up 46½ per cent., potatoes up 70½ per cent., and bread up 25 per cent.

New charges on rail services will be 15p for coffee (up 2p), 11p for tea (up 1p), £2.25 for breakfast (up 10p), £2.95 for lunch (up 20p), and £3.90 for dinner (up 10p).

Changes in the style of the service could be on the way if the emphasis on speedier, lighter and more varied dishes now being tested on British Rail's high-speed Western services is successful.

British Rail said it was too early to judge the impact of the new style of service, but there had been no complaints.

# drink makers doubt fit of deposit scheme

TH GOODING, INDUSTRIAL CORRESPONDENT

UCTION of com- ıts on all soft drink l be unlikely to number of empty ned to traders, as returnable or nal Association of Ianufacturers said

of the main points n a survey carried ssociation among ye provincial, and nufacturers repre- ss-section of the

found that, its on bottles had d in the past few bottlers reported d been only a on the number tle was returned ually referred to

of the survey er two States in into effect plans deposits on all es and cans.

ted a significant nvironmentalists, d that throwaway urage people to l bottles over the

le manufacturing industry spent millions of dollars fighting the move and was successful in two states, Colorado and Massachusetts. In Michigan and Maine, however, deposits will be introduced.

The association said the increase in deposits in the U.K. had perhaps stopped the steady decline in the number of times a bottle was returned but had not led to any positive improvement in trippage. For small bottles, trippage ranged from 40 trips at best to four at worst; and for large bottles from 23 to two.

"The number of times a bottle is returned depends partly on the deposit system but much more on the type of trade in which the bottle is engaged."

Direct delivery to homes and sales to licensed premises continued to be the areas giving the highest trippage. Manufacturers in areas of seasonal holiday trade said they tended to lose a higher percentage of bottles during high season.

The survey, which is available from the association, raised questions as well as answering some. The association is planning another survey to help members with production and distribution programmes.

# Workers plan co-operative

PLANS to save the jobs of about 200-300 workers by setting up a workers' co-operative in the cabinet division of the Hallam Group at Eastwood, Nottinghamshire, were yesterday sent to Mr. Eric Varley, the Industry Secretary, by Mr. Ray Fletcher, MP for nearby Ilkeston, Derbyshire.

# ıy councils disregard policy omeless—Shelter director

TIMES REPORTER

authorities are Government ing the homeless, ilbe, Director of a Royal Society in London yester-

thorities lacked the homeless and roblem as a consonal inadequacy;

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he Government ansfer responsi- meless from the to housing

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He cited a case where the county council spent over £1,500 keeping a family of eight in bed and breakfast accommodation for two months after they had been evicted by the district council for owing £280 in back rent.

Homeless people naturally resented the fact that large numbers of good houses stood empty.

One house, he said, had been unoccupied for over 30 years because of a projected scheme to build a new air terminal on the site. The main reason for many empty houses in the public sector appeared to be "sheer bureaucratic inefficiency."

In the private housing sector, empty houses were largely the result of speculation and "mortgage red-lining," where building societies would not lend because of poor location in inner city areas.

The situation might be eased if empty houses were rated, he suggested, urging the requisitioning of homes left empty for more than six months.

● In a report published to-day, the Royal Institution of Chartered Surveyors says that the housing situation is still marred by continuing local shortages, restricted freedom of choice, slow progress in eliminating pockets of bad housing and by the uneven application of social and financial benefits.

The Institution believes that future housing policies should be aimed at ensuring that local housing needs were more accurately determined so that "more realistic" local and national programmes can be drawn up.

● Some 8,000 young people may be sleeping rough in London this Christmas—2,000 of them girls, according to a report, Ten Years of Crisis, out yesterday. It reviews the plight of the single homeless in the last 10 years.

The report is published by a campaign group called Crisis at Christmas. The campaign, launched 10 years ago, is backed by MPs of all parties and organised mainly by young volunteers.

After the announcement last month of plans to close its Skelmersdale factory. **Rhys David** looks at the strategy of Europe's biggest textiles manufacturer.

# Courtaulds awaits the upturn

THE PLANT closures recently announced by Courtaulds, together with the publication of half-year profits which reflect the continuing textile recession, have inevitably raised doubts about whether Courtaulds' strategy for the textile business —which began to take shape in the early 'sixties—has failed. That strategy (which was described with unusual clarity by the present chairman, Sir Arthur Knight, in a book published two years ago), was designed to deal with two critical problems—Courtaulds' over-dependence on rayon, the oldest of the man-made fibres, and the decline of its main customer, the Lancashire textile industry.

Courtaulds' position in the textile industry was built on its cellulosic fibres—viscose and acetate, both based on woodpulp—developed in the inter-war years as a substitute for natural fibres. With demand for these two fibres declining Courtaulds had by the 1950s absorbed most of the other U.K. producers, but even though the company had established a strong position as a world supplier it was seen that a move would have to be made into into the newer fibres—acrylic, nylon and polyester.

## Knitting

Courtaulds' decision to go much more deeply into textiles, where it already had some involvement, followed from this. The company was anxious to ensure a continued outlet for its viscose in the Lancashire spinning and weaving industry, then as now under pressure from imports.

The company also received considerable encouragement from the Government in the 1960s to move into the Lancashire industry, where it was felt it could play a significant role in modernising and rationalising production. At the same time, with other synthetic fibre producers well established, Courtaulds saw the need to expand available knitting and weaving outlets for the fibre emerging from its new plants.

Courtaulds' efforts since the 1960s under Sir Arthur Knight and his predecessor, Lord Kearton, have been directed towards pulling together the diverse range of activities within the group, with the European market in mind. By going for economies of scale in large plants such as Skelmersdale, using the most modern capital intensive equipment, Courtaulds has been hoping to establish itself as a major supplier across Europe, particularly of fabric.

The problem, however, is that much of the new plant has become available at a time when demand no longer exists. For the past two years the industry has been in the midst of a major recession with consumer spending on textiles remaining stubbornly sluggish throughout Europe. On top of this the penetration of the European market has risen as new capacity has been installed around the world and as a result of over-capacity prices have remained very weak.

Therefore, the conditions in which Courtaulds now finds itself operating, are markedly different from those anticipated in the late 1960s.

The main comfort for the company is that in most areas its programme of modernising and rationalising production is virtually complete and the period of peak capital expenditure in fibres and textiles is past. Thus Courtaulds is now very well-equipped to take advantage of an upturn if and when it comes.

Against the trend in Lancashire, Courtaulds has managed to increase its output, and its share of the market in cotton spinning, largely as a result of investment. The company was one of the first to buy the new Open End spinning equipment which replaced spindles with high speed rotors. It now has the largest installation outside Japan or Eastern Europe—some 26,000 rotors. Mills have been reduced from 51 to 28 and the labour force is down from 23,000 in 1965 to 11,000. Output, however, has increased from 1,500 to 1,800 tonnes a week and the company is even exporting some 20 per cent. of its production to Europe. Courtaulds' overall share of U.K. output over the last ten years has increased from 30 per cent. to 50 per cent.

## New plant

In cellulosic fibres, in spite of the closure of half its Greenfield viscose stape works in Flintshire earlier this year and the more recent decision to shut a filament plant—again in Flint—Courtaulds remains the dominant European producer. Courtaulds believes it has now reached a viable production level in viscose and acetate, both of which have specialist uses where they can probably continue to compete.

In the synthetics, foreseen by Courtaulds as a major new source of profit, the company like other fibre producers is now faced with sitting out the present glut. This is particularly the problem with polyester filament for which Courtaulds is now about to bring on stream a major new plant in Ireland at a time when demand and prices are described by most producers as disastrous.

Courtaulds has started its Irish plant more slowly than was originally intended and there have had to be similar delays in commissioning a acrylic plant at Grimsby.

In fabric production there has again been over-capacity. Whereas in spinning Courtaulds decided to reshape its Lancashire operations using existing mills, in weaving a different approach was adopted. Courtaulds was aiming to achieve the same efficiency as its Far East, U.S. and European competitors in converting fibre into fabric and decided it could only do so if it too, invested in large new plants where comparatively few workers could handle whole banks of high-speed looms.

For various reasons this approach has failed at Skelmersdale. But at other plants it has been more successful. Two other plants at Lillyhall, Workington and Carlisle and a re-equipped mill at Preston, were established about the same time as Skelmersdale with a total output about half as great again as Skelmersdale's 50m. square metres a year capacity.

Significantly, Courtaulds also has two other large new weaving factories waiting in the wings, at Belmont, Co. Durham and Campsie, Londonderry. The Belmont plant was completed some time ago and left vacant because of depressed demand but could begin operations next year. In Northern Ireland early commissioning work has begun at Campsie which is intended to be one of the biggest vertically integrated units in Europe—spinning, weaving, dyeing, finishing and packaging sheets and pillowcases. Competition in this sector is already tough but Courtaulds is again looking to Europe, with a 50 per cent. export target set for this plant.

In spite of its programme of closures, Courtaulds is therefore well geared to take advantage of better trading conditions. Substantial capacity in fibres and fabrics built at a much cheaper cost than would be possible nowadays is available.

Textile capacity on the Continent has been sharply reduced during the recession with more than 200,000 jobs in the European textile and clothing industries disappearing in 1975 alone. At the same time Courtaulds has laid the groundwork for a major export drive, with the development of sales outlets covering all the main European cities. Textile converters on the Continent have also been acquired.

## Well placed

The success of the company's preparations is likely to be determined, however, by decisions taken outside the group. Like other textile producers, Courtaulds is now waiting for market conditions to improve, either as a result of increased demand or because of decisions within the EEC to try to reserve for domestic producers a larger share of the European market, now increasingly dominated by imports.

If it is decided that for employment, balance of payments or strategic reasons, a substantial proportion of the European market should remain available to European producers, Courtaulds is well placed to benefit. But running plants below capacity and delaying the introduction of new facilities is a costly business. Time is clearly not on the side of Courtaulds or other European textile producers.

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# Biffen claims Government has become ramshackle coalition

BY JOHN HUNT

THE OGVERNMENT had now lost credibility and it was becoming more and more apparent that a "*ramshackle coalition*" is controlling the nation's affairs, Mr. John Biffen, the Conservatives' new spokesman on industry, alleged *in* the Commons last night.

Making his first front bench contribution since taking up his post he moved an Opposition amendment to the Queen's Speech regretting that it contained no measures to *inspire* industrial and commercial confidence and sustain employment.

"*The events of the past year* and of the past 10 days or so have shown to what extent the *gap between the Government's* profession and the Government's performance has resulted in one major casualty. That is the credibility of the Government itself," he declared.

"Certainly, there is little or nothing in the Queen's Speech to suggest that the quality of confidence and credibility will be repossessed."

For the Government, Mr. Albert ...Booth, Employment Secretary, repeated the warning from Mr. James Callaghan, the Prime Minister, that the disappointing world trade situation since the summer could make Britain's unemployment problems *more difficult in the immediate* months ahead.

"The problem of unemployment is a difficult and deep-seated one and for that reason we won't arrive at a solution overnight," he declared.

For the Tories, Mr. Biffen outlined three prescriptions for Britain's economic difficulties.

Firstly, the government must reduce the public sector borrowing requirement. Without it, there could be no prospect of reducing interest rates to a level where credit could perform its essential function of encouraging business and commerce.

Secondly, the Government should realise the important role that could be played by the smaller companies. All too often, it was only the big battalions which were heard.

Thirdly, measures should be taken to motivate senior and middle management.

He warned ot the danger of believing that industrial investment was a solution to all our ills. There was a tendency for politicians to argue that this was a self-evident benefit. But he admitted that he himself did not know the right and appropriate level of industrial investment. The successful deployment of human resources was the only key on which politicians could tolerably operate.

"The truth is that we are now in a situation where Government spending relative to Government revenue is causing general and widespread unease," he declared.

Mr. Biffen quoted with approval an article in which Mr. Samuel Brittan, of the Financial Times, said: "In terms of confidence, a pound of expenditure cuts is probably two or three times as effective as a pound of tax increases."

It was in that context, said Mr. Biffen, that the Conservatives wished to register a protest about the big increases in employers' National Insurance contributions.

Confidence, he said, was an elusive *and mysterious factor*. The Government Treasury bench had become the miserable *victims of their own rhetoric*.

He was interrupted by Mr. Max Madden (Lab., Sowerby), who asked about the week-end speech by Mrs. Margaret Thatcher, the Conservative leader, in which she *stated* that a future Tory administration would never introduce a statutory incomes policy. The Labour MP wanted to know whether this was true or whether it was an early indication of yet another "U" turn in Tory policies.

There were jeers from the Government benches as Mr. Biffen advised him to get hold of the entire text of what had been said. "You will find that *nothing was said by the* Leader of the Opposition which had not been said and which is not con*sistent with what has been* argued over the last 18 months or so.

"*If the argument merly under*lines the danger for the Government of a statutory incomes policy, I would have thought that almost the entire Treasury bench would have said Amen to that."

Mr. Booth said expansion in world trade in the last few months had been less than expected and the outlook was uncertain. But the Government was determined that polices to reduce unemployment should be given adequate priority.

Up to now we had done relatively better than other West European industrial countries in dealing with the problems of unemployment.

A Tory backbencher shouted: "Better at begging."

Mr. Booth detailed Government action to relieve unemployment among young people by giving recruitment subsidies, youth employment subsidies and measures for sustaining the level of training among young people.

The most encouraging development had been the fall in the number of unemployed young people — down in October to 120,000 below the August peak.

It was possible that the fall *in* unemployed school leavers might continue, but among the unemployed were a high number *of unskilled youngsters*.

Of the Government's Employment Protection Act which came *into force* this year Mr Booth said that a code of conduct on two remaining sections, the dis*closure of information and time* off for trade union and public duties, would be introduced *early next year*.

He assured Conservatives that the Act cost employers only a *fraction of their total wage bill* and had resulted in enormously improved industrial relations.

In a stern warning to the *Government* about its regional policies, Mr. Stanley Crowther (Lab., Rotherham), said: "The Government cannot go on for ever taking for granted the loyalty of hundreds of thousands of people in the coal and steel areas of Yorkshire while it is pouring the nation's wealth into Scotland to try to stem this pernicious tide of separatism."

"We need a brand new look at regional policy — an approach which is *far* more sophisticated and discriminating."

Intervening, Mr. Andrew Welsh (SNP, Angus S), asked: "*Are you arguing for less money* for Scotland?"

Mr. Crowther: "I am arguing *for a more equitable approach* which allocates available resources on the basis of need."

Mr. John Pardoe, Liberal Treasury *spokesman*, said he agreed with Mr. Crowther's remarks about the very high level of public expenditure which had managed to find its way north of the border, "largely as a result of the Nationalist threat."

The more he looked at the Government's devolution proposals, the more he considered them "*a recipe for the Scottish* hand being put into the English pork barrel even deeper than in the past."

It could be that, if we could not get federalism, "the English, Cornishmen and Yorkshiremen, will find themselves very much better off without Scotland."

Mr. Pardoe remarked that no-one seemed to know what the public sector borrowing requirement would be next year, which made it difficult to decide what should be done about it. No-one was quite sure what effect any given level would have on other aspect of the economy.

He argued that a crude Budget-balancing exercise—as some politicians and economists were urging the Government to adopt on a 1931 basis — was absolute madness.

Mr. Pardoe urged that in times of recession, the whole of the country's road-building programme ought to be run on an employment basis. Contracts should be awarded on the basis of how many people could be taken off the dole.

"In development areas, we need more labour-intensive public workers. It is not a question of spending more public money, but making the money we spend on public works employ more people in those areas where we do not have to *compete directly with overseas* competitors. That would be a massive improvement on the job *creation programme*."

Terry Kirk

Mr. Albert Booth

Mr. John Biffen

## Prentice outlines fees aid proposal

By John Hunt

A NEW SCHEME to give financial aid towards the fees of students from developing countries who are studying in Britain was announced yesterday by Mr. Reg Prentice, Minister for Overseas Development.

It replaces the Overseas Students' Fees Awards Scheme (OFAS) under which 300 students had their fees paid in full. These have been available since 1975 to privately financed students nominated by universities and other institutions.

The new scheme will pay part *of the fees of up to 600 students* who have been hit by the steep increases announced recently. *They will receive a fixed annual* grant of £325 towards their fees, which are now in the region of *£856 a year*.

These awards will be available to assist, on grounds of hardship, selective post-graduate students from developing countries. They will receive the annual grant for up to three years starting in 1977 provided they are already enrolled for courses commencing or continuing in 1977-78. Such courses must be of developmental value.

Those on the original OFAS grants will continue to receive them until they finish their courses.

## Devolution makes an appearance

THE BILL to set up assemblies in Scotland and Wales made its first appearance in the Commons yesterday—almost unnoticed.

*There were only* a *few weak* cheers from the Scottish Nationalist benches when the Bill was presented to the *Commons* by Mr Michael Foot, Leader of the House. It was given a formal first reading.

The actual details of the legislation will not be known until the Bill's publication to-day.

# New authority given to Tory policy

BY PHILIP RAWSTORNE

MR. JOHN BIFFEN, in his first major speech as shadow Industry Secretary, put some real substance into the role in the Commons yesterday. And though he *got* three ovations by accident, no one begrudged him the reception.

Mr. Biffen's debut marked no significant change in Tory policy—his three policy prescriptions were a reduction in public sector borrowing, greater *encouragement for* small businesses, and tax incentives *for* management.

But, in a reasoned and reasonable conversation with the Government benches, Mr. Biffen imbued it with more intellectual authority than it has so far enjoyed at Westminster.

He urged the Commons *towards* an attitude of agnosticism and candid humility on industrial policy and *judging* from the quiet respect he secured, may even have briefly succeeded in his *persuasion*.

The Prime Minister, Mr. Biffen acknowledged, knew the *facts of life*; though he doubted whether the country realised the extent of the industrial challenge it had yet to face from the *developing world*.

A painful return to monetary stability might once again allow the private sector of industry to flourish in a mixed *economy*, Mr. Biffen *declared*.

But it would be a flight from reality to suppose that the Government, by manipulating public expenditure or any other element, could somehow jerk economic growth to higher levels.

*Nothing* in the *Cabinet's* deliberations—like a "political version of the Archers, an everyday story of divided people"—gave him much hope or confidence, however.

And Mr. Albert Booth, Employment Secretary, who followed, did little to change his view.

Reading his departmental *brief with unabashed pride*, Mr. Booth listed the policy accomplishments that had succeeded *in* reducing unemployment from 1.37m. to 1.32m.—and unsurprisingly sat down without rousing a cheer on the Government benches.

## Planning agreement call

AN APPEAL to industry to co-operate *more readily in formulat*ing voluntary planning agreements was made by Mr. Alan Williams *Minister of State* for Industry in the Commons yesterday.

*He was replying to* Mr. Michael Grylls (C North-West Surrey) who called for confirmation that "*it is not*, and will not be, Government policy to seek to make compulsory planning agreements with British companies."

Mr. Williams replied that the *Government had made clear on* a number of occasions that it believed that planning agreements *should* be *voluntary*. "Despite the disappointing lack of progress so far, I am still hopeful that industry will respond to this approach."

He added that the Government had no present plans to introduce legislation to make planning agreements compulsory.

## Power supply assurance

UNLESS THERE was swift Government action to stop gas and electricity disconnections affecting the old, the severely disabled and low-paid workers with children many thousands could suffer hypothermia this winter, new code on disconnections, claimed in the Commons yesterday.

Dr. John Cunningham, Energy Under Secretary, said that the new code on disconnections, which he hoped would be put into operation very soon, could protect these categories.

The gas and electricity industries were already operating *a moratorium on old age pen*sioner disconnections, and the code would be reviewed after this winter.

Dr. Cunningham rejected a claim by Mr. Tom King, shadow Energy Secretary, that there had been an "appalling lack of progress" over this new code.

# Minister hopes for New Year deal on Icelandic fishing

BY JUSTIN LONG, PARLIAMENTARY CORRESPONDENT

GOVERNMENT HOPES *of* an *agreement for the resumption of* some British fishing off Iceland in the New Year were expressed, although with caution, by Dr. David Owen, Minister of State, Foreign Office, in the Commons yesterday.

Dr. Owen suggested he was not taking a "black view" of the situation. He made it clear that hopes had been raised by the con*fidence of Mr. Finn Gundelach*, the Brussels Commissioner, temporarily in charge of EEC external relations, after the recent talks on the prospective Community-Iceland reciprocal fishing agreement.

From the Opposition front bench, Mr. Douglas Hurd, urged the "vital importance" to the U.K. fishing industry of the hoped-for agreement.

He pressed the Minister on the need to stress U.K. requirements *during these forthcoming formal* negotiations for a reciprocal pact between the EEC and Iceland—*the pact which would arise from* the EEC move to a 200-mile limit next year.

*Dr.* Owen said he regretted that British trawlers would not be allowed to fish in Icelandic waters in December, but he was confident that ways could be found of avoiding an abrupt reduction in fishing by either side in each other's waters.

Mr. Douglas Henderson (SNP, Aberdeenshire E) said Scottish fishermen were fizzing with anger at the Common Market's arrogant an dintransigent attitude towards U.K. demands for an exclusive 50-mile zone of its own.

This, together with the Government's mishandling of the haddock quota, was jeopardising the jobs of thousands of people on shore as well as at sea. Mr. Henderson *declared*.

He urged that Britain should warn the EEC that we would stop co-operating with the Community unless our legitimate interests were met.

Dr. Owen, in a statement on *important EEC meetings in* the coming month, said that both the Foreign Affairs Council on December 13 and 14 and the joint meeting of Agriculture Ministers on December 14 were likely to discuss the external and internal aspects of the Common Fisheries Policy.

Other issues coming up during the month would include economic affairs, the green pound and VAT policy.

Finance Ministers on December 20 will consider a report from the Monetary Committee on Dr. Duisenberg's proposals for co-ordination and co-operation by member States in their exchang rate policies, said Dr. Owen.

Ministers at the Transport Council on December 16, might consider roadworthiness tests. The Commission might introduce new proposals on lorry weights and dimensions.

Agriculture Ministers, on December 14, 20 and 21, will consider the Commission's proposals for a revised green pound rate and monetary compensation arrangements. There will also be discussion on proposed hops and interim sheep meat regimes, *beef import arrangements, and* measures for improving agricultural structures and marketing.

"They will also resume consideration of proposals for achieving a better balance be*tween supply and demand in the* milk sector," Dr. Owen added.

At the fiscal council on December 16, *Ministers would discuss* the draft directive on the harmonisation of VAT.

## Nuclear plant expected to cost over £500m.

FINANCIAL TIMES REPORTER

MR. ALEX EADIE, Under-Secretary for Energy, told the Commons yesterday that the total capital *cost of the oxide fuel* reprocessing plant at Windscale was estimated to be between £500m. and £631m. at current prices.

Approximately half of this capacity would be used for overseas customers and would be completely financed by their advance payments.

Mr. Eadie stated that the remainder, which was required to meet the needs of Britain's own domestic nuclear programme, would be financed from a number of sources, including internally generated funds, and private sector borrowing.

# Written answers

### TREASURY

**Mr. William Clark (C., Croydon South). Are railway season tickets issued to employees of the National Coal Board taxed as a benefit in kind?**

Mr. Robert Sheldon, Financial Secretary. Season tickets are not issued by the National Coal Board to employees, but payments made by the Board *towards* the cost of employees' journeys between home and work are taxable as part of their *emoluments*.

*

**Mr. Stephen Ross (L., Isle of Wight). Could greater encouragement be given to wine producers in the U.K. by a reduction in the present rate of excise duty?**

Mr. Robert Sheldon. The U.K. has an obligation under Article 95 of the Treaty of Rome to charge the same rate of excise duty on wine produced in the U.K. as on imported wine. I do not believe that a reduction in *the level of excise duty* on all wines would be an appropriate way to encourage U.K. wine *producers*.

### ENERGY

**Dr. Colin Phipps (Lab., Dudley West). What is the latest estimate for open-cast coal tonnage mined in the current year: and what is the target for 1977?**

Mr. Alex Eadie, Under-Secretary. I am informed by the National Coal Board that its latest estimate for opencast coal production in 1976 is some 11.5m. tons. For 1977 it hopes to get up to around 12m. tons.

**Mr. T. H. H. Skeet (Con. Bedford). What is the difference between the maximum retail prices set out in the Schedule of the Paraffin (Maximum Retail Prices) (Amendment) Order 1976 No. 1840, and the market price of the product?**

Dr. J. Dickson Mabon, Minister of State. All retailers are free to sell at less than the maximum retail price, and in some competitive areas some outlets, particularly garages, do so. However, there is evidence that the retail price would generally rise if control were lifted.


This announcement appears as a matter of record only.

NATIONAL BANK OF GREECE S.A.
ATHENS, GREECE.

**DM 300,000,000**

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Irving Trust Company • Swiss Credit Bank

Bank of Montreal • Banque Européenne de Financement (The Fidelity Bank)
Hypobank International S.A. • National Bank of North America Nassau Bahamas
Seattle-First National Bank London • Crédit Général Société Anonyme de Banque
Dow Banking Corporation • Northwestern National Bank of Minneapolis Luxembourg Branch
Österreichische Länderbank Aktiengesellschaft • Zentralsparkasse der Gemeinde Wien
Allied Bank International • BHF-BANK-DG International
First National Bank in Dallas (Paris Branch) • Handelsbank N.W. (Overseas) Limited
Lloyds Bank International Limited • New England Merchants National Bank
Nippon European Bank S.A. • Österreichische Volksbanken-Aktiengesellschaft
The Provincial Bank of Canada • The Royal Bank of Canada International Limited (Nassau)
Shawmut Bank of Boston, N. A. • Amex Bank Limited
Banco Exterior de España • Bank Oppenheim Pierson International S.A.
Banque Européenne de Tokyo • Banque Générale du Luxembourg S.A.
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Société Centrale de Banque

Agent
BfG Luxemburg, S.A.

October 26, 1976



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GIVING TO CHARITY FROM INCOME – a guide for individual donors.
THE BUSINESS SIDE OF GIVING TO CHARITY – a guide for Company Directors.
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NAME

ADDRESS

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FT. (G)

# As you go along, they get faster, more luxurious, and extras start appearing.


### Dolomite 1300

1296cc engine, maximum mph–85, 0.60 mph in 17.1 secs*
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

### Dolomite 1500

1493cc twin carburettor engine, maximum mph–91, 0.60 mph in 13.2 secs*
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

### Dolomite 1500 HL

1493cc twin carburettor engine, maximum mph–91, 0.60 mph in 13.2 secs*
Four headlights
Height adjustable driver's seat
Adjustable steering column
Warning lights for handbrake, choke, low fuel level
Clock
Battery condition meter
Tachometer
Rear centre armrest
Black wheel trims with chromed nuts
Sports steering wheel
Black vinyl rear ¼ panels
Matt black sills and rear panel
Cigar lighter
Twin tone horns
Centre console
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

### Dolomite 1850 HL

1854cc twin carb OHC engine, maximum mph–100, 0.60 mph in 11.5 secs*
Tinted glass
Coach line
Front spoiler
Rear anti roll bar
Four headlights
Height adjustable driver's seat
Adjustable steering column
Warning lights for handbrake, choke, low fuel level
Clock
Battery condition meter
Tachometer
Rear centre armrest
Black wheel trims with chromed nuts
Sports steering wheel
Black vinyl rear ¼ panels
Matt black sills and rear panel
Cigar lighter
Twin tone horns
Centre console
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

### Dolomite Sprint

1998 twin carb engine 16 valve OHC, maximum mph–115, 0.60 mph in 8.7 secs*
Overdrive
Vinyl roof
Cast alloy road wheels–175.70 x 13 low profile tyres
Push-button radio
Tinted glass
Coach line
Front spoiler
Rear anti roll bar
Four headlights
Height adjustable driver's seat
Adjustable steering column
Warning lights for handbrake, choke, low fuel level
Clock
Battery condition meter
Tachometer
Rear centre armrest
Sports steering wheel
Black vinyl rear ¼ panels
Matt black sills and rear panel
Cigar lighter
Twin tone horns
Centre console
Corded brushed nylon trimmed seats
Courtesy lights operated by all four doors
Electric screen washers
Two-speed wipers
Reclining seats
Head restraints
Brake servo
Boot light
Reversing lights
Heated rear window
Seat belt warning light
Water temperature gauge
Driver's door mirror
Hazard flashers
Laminated windscreen
Radio aerial and speaker
12.5 gallon fuel tank
Through flow ventilation
Wood veneer fascia
Loop pile carpet
Inertia reel front seat belts
Steering column stalk controls

**The new Dolomite range. It's the details that make the difference.**

**Triumph**
From Leyland Cars. With Supercover.

*Source: Leyland Cars estimated figures

# The Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● ASSEMBLY

## Correct torque ensured

AVOIDANCE of warranty claims in the vehicle industry has been assuming an even higher priority as consumer protection legislation becomes stricter and costs of repair and replacement continue to escalate.

This is especially applicable to costly items like big diesel engines where an unnoticed fault in assembly can cost £2,000 or more. And it is particularly relevant to the 10 per cent. of the 3,000 or so threaded joints vital for the safety of the vehicle and passengers.

Assembly of rod bolts on main bearing caps, counterweights on the main shaft, cylinder heads and other critical areas depend for their reliability on torque and angle (depth to which the bolt is required to go). Pioneering work by Ford of America has significantly increased the methods by which these can be measured and their relationship, though the measurement of torque still lacks absolute precision.

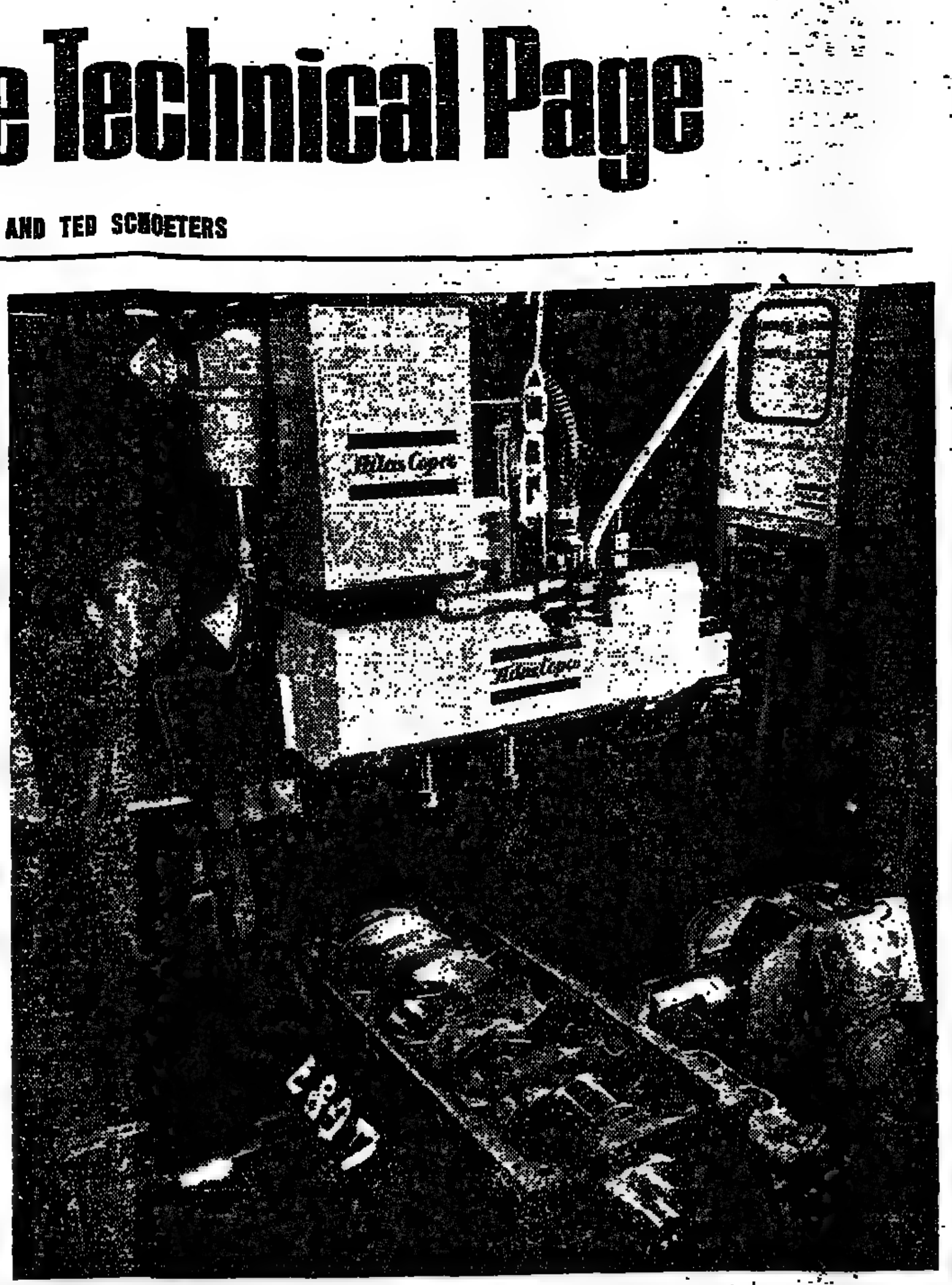
Fiat was also very much aware of this problem, and has collaborated with Atlas Copco in developing pneumatically powered nutrunners with torque and angle electronically controlled. A number are integrated into assembly lines at the Fiat Stura engine plant at Turin which makes medium and heavy units.

Conventionally, bolts on main bearing caps for a V8 diesel, for instance, are inserted by a pneumatic impact wrench and tightened manually with a torque wrench. Inspection is by means of another torque wrench. The drawbacks are that the correct torque can be showing before the bolt hits the hole bottom, or the torque is sharply increased if the bottom is touched before the head is seated, or the bolt may shear in trying to attain the pre-set angle by applying too much torque.

The new Atlas Copco Stura system incorporates electronic controls that provide light signals for telling the operator whether the torque/angle is correct or not, as well as a digital printout, in red for rejection. Unless needed for quality control documentation or psychological satisfaction, the printout may seem an over-elaboration, since basically all that is needed is a simple accept/reject system.

It seems clear, however, that a major advance has been achieved with up to two-thirds saving in time, and an acceptable noise level of 72-75 dB (A). Atlas Copco's main target for the Stura equipment will be the European motor industry, but Mr. Tom Wachtmeister, group managing director, also told the Technical Page that the company would be taking on its two main competitors, Ingersoll Rand and Consolidated Pneumatic on their home ground.

Though Atlas Copco has equipment in Ford, it is not widely represented in the U.S. It also expects to do well in the developing motor industries in Spain and Brazil; and is likely to build a new factory in Europe to be nearer its customers. With a 30m. a year vehicle market it has plenty to go for.



Atlas Copco multiple nut-runner with torque/angle control being used for the assembly of rod bolts on main bearing caps for a Fiat V8 diesel engine.

● HANDLING

## Containers filled fast

DESIGNED TO handle containers up to 5 litres at speeds up to 100/minute, monobloc filling and capping machines for many products are available from Freeflow Packaging Company, Heslop, Halesfield 23, Telford, Salop, TF7 4QX (0952 586018).

*The filling system is gravity-fed volumetric*, with pneumatically controlled valves at the nozzle and header tank, interlocked to prevent simultaneous opening. The company says accuracy is better than ½ per cent. The capping section is suitable for most types of prethreaded and snap-on closures.

Glass, metal and plastic containers can be handled, and the standard machine, with 18 filling heads and nine capping chucks, takes containers from 1 to 5 *litres capacity—other sizes are* available.

● TEXTILES

## Absorbent man-made fibre

THE development of an absorbent man-made fibre—a breakthrough long sought for by the *industry—is* being claimed by Bayer for a new type of acrylic.

The company, one of the leading European producers of acrylic, claims its fibre, code-named ATF 1017, has a moisture-*retention* quality *similar* to the natural fibres wool and cotton, but unlike these fibres does not swell after taking in water.

The fibre developed in the country's laboratories in West Germany has been made with *a core of many small capillaries* contained in a dense sheath. The sheath has a large number of small openings which allow the moisture to pass through the sides into the porous core.

The construction, according to the company, enables the fibre to "hide" moisture so that it continues to feel dry even after absorbing large quantities of moisture. The rate of moisture transference is very high and the drying speed is the same as the company's normal Dralon *acrylic fibre*.

"These characteristics result in a high degree of comfort in wear, as the fibre absorbs perspiration and steam very efficiently and carries the moisture to the surface of the garment where it may evaporate," Bayer claims. Main applications are expected to be in clothing and household textiles, including knitwear, blankets and upholstery.

Fibre producers have been working for some time to add *moisture absorbency* to their products, the main area in which the natural fibres retain a major advantage. Because of their homogeneous construction, however, man-made fibres have lacked this characteristic, a problem Bayer hopes to have overcome with its particular core and sheath construction.

If the development does prove successful it could have significant effects on the competition between the natural and man-made fibres, posing a new challenge to wool, the fibre which acrylic broadly resembles and to cotton. It could also significantly affect the prospects of man-made fibre producers, most of whom are currently recording substantial losses as a result of over-capacity and weak demand.

At present Bayer is making its fibre only in laboratories but a pilot plant producing several tons a month to supply samples for consumer testing is due to start up during 1977. Large scale production is also to begin as soon *as possible, however, after modification* to existing plants.

RHYS DAVID

● MATERIALS

## Fluorescent paint for fire engines

BRITISH FIRE engine red (BS 538) has a maximum light reflection level of 64 per cent. compared with standard pure white (magnesium oxide). But a red fluorescent safety paint now being marketed by ICI has a light reflectance value of 194 per cent.

This seemingly impossible feat of showing over 100 per cent. reflectance is explained by the fact that, in addition to reflecting red light, the fluorescent *paint is converting rays from* the spectrum covering the range between blue and yellow (shorter wave lengths) to a red colour, whereas ordinary red paint is reflecting only a group of wavelengths in the red area of the spectrum.

A further advantage is that unlike safety colours in conventional paints, which tend to appear muddy under sodium street lights, fluorescent paints retain their relative brightness. The company says it has overcome the short life (nine months or less) of conventional fluorescent paints.

The ICI paint was developed by its West German subsidiary, Hermann Wiederhold GmbH, and is already widely used by Continental emergency services. It has been under lengthy test by the West Midlands Fire Brigade, in a variety of lighting conditions.

Paints are available as a two-pack product (acrylic thermoset resin and catalyst). The full painting process includes a special brilliant white undercoat for maximum reflectance, the fluorescent *colour paint*, and a protective finishing lacquer. The paints are spray applied in the usual way, but good ventilation is required.

They can also be supplied in aerosol form, or one pack spray, *for small on-site* jobs, such as fire hydrants, marker bands on pipelines, safety signs, etc. Colours available are light red, red, and yellow. They should outlast the working life of the vehicle.

ICI says that the cost of materials for the two pack process is about £70 for 40 sq. metres.

Details from ICI Paints Division, Wexham Road, Slough, Berks., SL2 5DS (Slough 31151).

● NORTH SEA OIL

## Lloyd's work on Brazil's oilfield

ON BEHALF of Petroleo Brasileiro S.A. (Petrobras), the Brazilian State Oil Company, several departments of Lloyd's Register of Shipping are involved *in the Garoupa oil field* development project and are carrying out the design appraisal of offshore structures, plan approval for the conversion of a tanker for storage and processing and the inspection of the process plant involved.

The Petrobras development of the Garoupa offshore oil field will incorporate a subsea completion system for nine wells requiring two buoyant articulated towers for processing and loading out oil, and a converted tanker designed to process the crude and deliver it to the loading out tower. The processed oil will be taken on by conventional tankers.

Ocean Engineering Department of Lloyd's is carrying out independent design appraisals of the process tower and the loading tower. Due to the unusual nature of these articulated structures Lloyd's has developed special procedures for the analysis of the wave, wind and current loadings and also has had to take account of the forces imposed by ships moored to the heads of the structures and the anticipated loadings during tow-out and installation.

The process tower, 437½ feet high, and the mooring yoke are designed to moor a 55,000 d.w.t. storage/processing tanker in all specified weather conditions. Crude oil under pressure is led up the tower to be processed by the storage tanker and returned down the tower *for transmission* to the loading tower by means of a submarine seabed pipeline.

The loading tower, basically of the same characteristics as the process tower, is designed to moor a 54,000 d.w.t. tanker for taking on processed oil pumped from the storage process tanker.

● POLLUTION

## Less noise on the site

BARFORDS of Belton, a member of Leyland Special Products group, is now producing its Bantam, Beaver, Bison and Boxer dumpers fitted with an engine canopy and modified inlet and exhaust systems to lessen noise.

Noise levels have been studied in a controlled test environment as stipulated in BS 3425 and are now within the maximum drive past figure of 89 dBA quoted by the Motor Vehicles Construction and Use Regulations.


● INSTRUMENTS

## Two 'scopes launched

A FIVE-MODEL range of oscilloscopes has been announced by Tektronix and also a dual-trace model from Gould Advance.

T900 series from Tektronix U.K., P.O. Box 69, Harpenden, Herts (05827 25559), offers five choices: T921 and T922 single and dual trace 15 MHz instruments; T932 and T935 dual trace 35 MHz units with single or dual time bases, and the T912, which is a 10 MHz dual trace bistable storage oscilloscope. Prices lie between £500 and £1,000.

All the units have a 100 mm. by 80 mm. display and yet the overall measurements are only 178 by 254 by 483 mm., weights between 6.8 and 8.2 kg. The non-storage models use 12 kV on a post-accelerated CRT to give the brightness needed for low repetition rates and high speeds. The storage model has a stored writing speed of up to 2,500 mm./millisec.

*Gould Advance* has introduced the OS3000A, intended mainly for portable servicing applications. It has two traces and a bandwidth of 40 MHz, dimensions of 180 by 290 by 420 mm. and a weight of 12 kg. More from Roebuck Road, Hainault, Essex (01-500 1000).

## U.K. design of counter

BELIEVED by its developer to be the only all-British auto-ranging counter on the market is a 7-digit, 250 MHz instrument which is fully automatic at the touch of a button for measurements from 10 Hz to its maximum.

There are three gating choices and accuracy can be selected by the user through a choice of crystals. Standard is a 1 MHz crystal with an accuracy of 5 ppm. in the 0 to 50 degrees C range. Far higher accuracies are available.

Design largely eliminates unwanted signals and the unit is simple enough to allow operation by unskilled staff.

Malden Electronics, Malden House, 579 Kingston Road, Raynes Park, SW20 8SD. 01-543 0077.

● DATA PROCESSING

## Digico is widening its scope

DIGICO, WHICH recently announced an updated and much more powerful version of its minicomputer (Micro 16E), has launched out into display manufacture.

It is offered for OEM purposes and is a 38cm screen unit which provides large characters in a 10 x 12-dot matrix, with detachable large keyboard and options such as second page storage, dual character sets and monitor output.

The unit is built in Britain, displays 24 lines of 80 characters in upper and lower case graphics and has a variety of editing abilities.

The company has also adopted a floppy disc drive for use with the 16E. It comes in single and dual versions and starts at 3.2m. bits rising to 100m. bits.

Continuing its work to provide front-ending on ICL 1900 machines—it has done this for a number of universities—Digico is offering its 1603 front-end processor as a direct replacement for ICL's 7903, including the associated scanner and modem displays.

Operating autonomously, it cuts the amount of capacity the main machine needs for communications handling. Capital cost and the cost per unit of work done by the 1603 is far less than that of the capacity it replaces.

Further from Digico at Wedgwood Way, Stevenage, Herts, SG1 4PY (0438 4381).

## Co-ops plan to automate

COMPUTERISED warehousing for the Royal Arsenal Co-*operative* Society and the South Suburban Co-operative Society is to be developed by CMG Southern on the successful completion of a £6,600 initial study by CMG staff specialising in the retail trade.

The programs will run on RACS's newly-installed IBM 370/145 at Woolwich and is the first of its kind to be designed in conjunction with the building of warehouse facilities.

Both co-operatives have new warehouses, the first of which, South Suburban's new 300,000 square feet distribution centre at Beddington Lane, Croydon, was officially opened in November.

South Suburban's move into computerisation marks a substan*tial progression* from completely manual systems to highly sophisticated operations. A custom-built stock picking system has been designed with a firm of engineers to enable selection of goods from much higher levels than is normally possible.

The software will be developed up to April 1977, at which time it will run in parallel for six months with the proven SSCS manual system.

Royal Arsenal and South Suburban Co-operatives intend to take full advantage of computerisation with such techniques as optical mark recognition (OMR) and a batch system in which the main files have been designed for easy development to remote processing via P.O. telephone lines and visual display units.

RACS is developing a point of sales system for its non-food side and is one of the first companies in the U.K. to order the IBM 3650 point of sales equipment. Shortly it is also installing a merchandise processing system which makes use of remote visual display units.

Further from CMG on 01-636 8251.

## Makers told where to go

IN A RECENT statement, the outgoing head of the British Computer Society, Mr. Derek Marks, declared his conviction that by 1980 users of computer systems would be dictating their requirements to makers of equipment and writers of software, rather than the other way round, as it generally is at present.

It cannot be unconnected that British Computer Society has just started on a study to find out exactly what computer users are going to need over the next decade.

But, apart from users, BCS will be drawing on the experience of other professional societies and institutions, trade associations, the Central Computer Agency, and the nationalised industries so that a specialist working party can predict requirements.

BCS says this approach has been chosen because members should now be experienced enough to be able to formulate their own views as to what they will need "rather than wait for computer manufacturers and software houses to present them with products of their own research."

*It is hoped the study will be* ready to release by mid-1977.

BCS at 29, Portland Place, London W1N 4HU.


INDUSTRIAL EFFICIENCY CAN BE IMPROVED WITH CCTV

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## APPOINTMENTS


### SCANDINAVIAN BANK LIMITED

#### MANAGER FOR FAR EAST DESK

SCANDINAVIAN BANK LIMITED seeks to recruit an experienced Far East banker for its desk in London. The role will entail travel to the Far East and there is a possibility of eventually becoming domiciled there in connection with Scandinavian Far East Limited, Hong Kong, a 100% owned subsidiary which provides the same type of facilities as Scandinavian Bank Limited.

Candidates should have experience in the Far East in commercial and merchant banking and should be fully experienced in marketing banking services, loan assessment and a sound knowledge of the currency markets. Preferred age between 30 and 40 years; attractive remuneration package available. Initial interviews can take place in London or Hong Kong.

Applications with detailed curriculum vitae, should be sent to:

DEREK J. HUGHES
MANAGING DIRECTOR
SCANDINAVIAN BANK LIMITED
36 Leadenhall Street
London EC3A 1BH


## ENTERTAINMENT GUIDE

### OPERA & BALLET

COLISEUM. (01-836 3161) ENGLISH NATIONAL OPERA Tonight Thur. & Fri. 7.30 La Belle Helene Tomor. & Sat. 7.00 Der Rosenkavalier.

COVENT GARDEN. 240 1066.

### THEATRES

GLOBE. 01-437 1592. Evgs. 8.15. Mat. Wed. 3.0. Sat. & Dec. 27 6.0 and 8.40 PETER BARKWORTH. PETER JEFFREY and PENELOPE KEITH, "the funniest woman in the West End." Guardian DONKEY'S YEARS

PRINCE OF WALES. 01-930 8681. Evenings 8.0. Fri., Sat. 6.00 and 8.45. MICHAEL CRAWFORD FRANCES CUKA In SAME TIME NEXT YEAR "SIMPLY GREAT." Daily Mail.

ENTERTAINMENT GUIDE IS CONTINUED ON PAGE 47

COMMODITY Traders and Trainees wtd. Charterhouse Appointments 01-836 2377.

## COMPANY NOTICES

### COLD STORAGE HOLDINGS LIMITED

(Incorporated in the United Kingdom)

NOTICE IS HEREBY GIVEN that the Directors have declared, in respect of the year ending 31st January, 1977 an Interim Dividend of 5.75 Malaysian cents per Op stock unit (previous year 5.6 Singapore cents), less income tax, payable on 17th January, 1977 to Stockholders on the Registers at that date.

## LEGAL NOTICES

No 003938 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of BLAKE LEIGH BUSINESS SERVICES LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN, that a Petition for the Winding up of the above-

## CLUBS

## NOTICES

No. 003596 of 1976

In the HIGH COURT OF JUSTICE Chancery Division Companies Court. In the Matter of SAROCINA SALES (U.K.) LIMITED and in the Matter of The Companies Act, 1948.

NOTICE IS HEREBY GIVEN that a Petition for the Winding-Up of the above-named Company by the High Court of Justice was on the 22nd day of November 1976, presented to the said Court by THE COMMISSIONERS OF CUSTOMS AND EXCISE of King's Beam House, 39-41, Mark Lane, London EC3R 7HE, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London WC2A 2LL, on the 17th day of January 1977, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition may appear at the time of hearing in person or by his Counsel for that purpose; and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

G. KRIKORIAN,
King's Beam House,
39-41, Mark Lane,
London EC3R 7HE.
Solicitor to the Petitioners.

NOTE.—Any person who intends to appear on the hearing of the said Petition must serve on, or send by post to, the above-named notice in writing of his intention so to do. The notice must state the name and address of the person, or, if a firm, the name and address of the firm and must be signed by the person or firm, or his or their Solicitor (if any) and must be served, or, if posted, must be sent by post in sufficient time to reach the above-named not later than four o'clock in the afternoon of the 14th day of January 1977.

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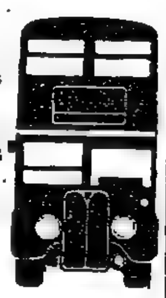

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LABOUR NEWS

# Leyland tuners vote to stay on strike

BY ALAN PIKE AND ARTHUR SMITH

THE NEW flare-up by engine tuners at Leyland's Cowley plant continued yesterday with the men deciding to continue a week-long strike and meet again on Thursday.

Elsewhere in the motor industry more than 5,000 workers are now idle because of the strike at Rubery Owen, the West Midlands component factory, and the situation is likely to worsen during the week.

At Cowley, the turners' strike has not yet affected production because the factory is still recovering from last week's strike at Coventry Engines which stopped output of the Marina and Princess. Amalgamated Union of Engineering Workers' tuners are demanding that admission to the department be restricted to skilled workers and yesterday they voted 156-29 to continue the dispute.

The move is opposed by the Transport and General Workers' Union—which represents a minority of the tuners—and the strike has revived friction between the two big unions which has been behind previous industrial relations problems at Cowley.

A new joint initiative by the engineering employers and the trade unions to urge the 120 striking Rubery Owen maintenance engineers to return to work seems imminent, but the chances of success are slim.

The men, who are demanding an extra £10 a week in clear breach of the government's pay policy, have persistently rejected overtures from both management and union officials to call off their action and put the dispute into procedure.

The Rubery Owen factory at Darlaston, with a workforce of 2,750, has been plagued with labour disputes over the past nine months. Basic to the problems is the system of piecework which has led to many anomalies.

The company has warned that a protracted dispute could put its viability in question, but Mr. John Owen, managing director, said last night that there were no immediate cash problems. Main concern centres on the loss of business as motor companies attempt to switch to alternative suppliers.

Rubery Owen, as a supplier of a whole range of components ranging from axles and wheels to chassis frames and petrol tanks, is of strategic importance to the vehicle industry.

● Meetings at a majority of Ford Motor's factories have voted to accept a pay offer within the terms of phase two.

# Courtaulds stewards in bid to keep plant open

By Christian Tyler, Labour Staff

WORKERS at Courtaulds' knitting mill in Aintree, Liverpool, decided yesterday to let their shop stewards put proposals for raising productivity in order to avert closure of the plant, threatened from January 20.

They reaffirmed a ballot decision ten days ago to reject the company's own proposals—54 of them—after hearing a report on deadlocked talks in London last week from Mr. Peter Evans, a national secretary of the Transport and General Workers Union to which the workers mainly belong.

Courtaulds said yesterday the union had said nothing to make it change its mind. "And consequently the closure of the factory must go ahead." But it would keep an open mind towards any scheme that achieved the results the company wanted.

The main union objection to the plan appears to be the company's insistence on what it calls an "ongoing commitment" to productivity and flexibility. This, the workers argue, is a catch that could be interpreted to mean almost anything and limit their scope for negotiating about changes.

Also in dispute are overtime and machine running speeds. The company says the TGWU is operating bans on three types of overtime.

# ASLEF action could jeopardise Metro

BY ALAN PIKE, LABOUR STAFF

ATTEMPTS TO convince Mr. William Rodgers, Secretary for Transport, that the trade unions support the £160m. Tyne and Wear Metro began yesterday as train drivers continued to black the project.

Tyne and Wear County councillors had hoped that, following an agreement reached with representatives of the Associated Society of Locomotive Engineers and Firemen at a TUC-sponsored meeting last week, the drivers would lift their sanctions against the Metro yesterday.

But the men have instead reiterated that they will end the blacking only if they receive assurances which would have the effect of restricting driving jobs to ASLEF members. This would be unacceptable to other unions involved.

Mr. Michael Campbell, leader of Tyne and Wear County Council, and officials of the Passenger Transport Executive held two meetings with ASLEF officials to discuss the problem yesterday. Mr. Rodgers, who faces questions on the Metro in the Commons to-morrow, has said he cannot recommend continuation of the project to the Cabinet without undertakings of trade union support.

The Transport Secretary said at the week-end that the problem must be solved within the next two weeks, and councillors fear that they may really have even less time to solve the ASLEF problem.

Metro would replace some bus services and the Transport and General workers Union is seeking a share in driving jobs. ASLEF officials on Tyneside are insisting that all Metro drivers must be ASLEF members. All drivers on existing British Rail local services in the area which would be replaced by Metro have been promised jobs on the new system.

# Review of statistics ban

A BAN by junior civil servants in the Department of Employment which has halted publication of national wage and unemployment statistics will be reviewed to-day by the Civil and Public Services Association.

A letter from Mr. Albert Booth, Employment Secretary, repeating an offer to set up a joint working party to look at staffing cuts, will be considered by the union's DE section executive committee.

Some confusion has arisen about the decision to ban statistical work when the union nationally is merely imposing an overtime ban in protest at job cuts threatened by the public expenditure squeeze.

The section committee will decide whether the issue is a purely departmental one, or whether it is part of the overall public expenditure cuts campaign.

● NEWS ANALYSIS—ICI RECOGNITION BALLOT

# All set for agreement

BY ROY ROGERS, LABOUR CORRESPONDENT

IMPERIAL CHEMICAL INDUSTRIES, which successfully held off determined trade union bids for recognition for white-collar workers until two years ago, is now all set to concede recognition and negotiation rights for the last major group among its 37,000 staff.

This follows a secret ballot which showed that 61 per cent. of ICI's 10,500 clerical and administrative staff are in favour of TUC-affiliated unions replacing the present staff committee system.

Management will meet the three unions concerned—the Association of Scientific, Technical and Management Staffs, and the white-collar sections of the General and Municipal Workers and the Transport and General Workers—next month to draw up a formal agreement.

That agreement, which the company has already conceded in principle, will signify the end of ICI's traditional staff committee system of negotiating and mark its final reluctant capitulation to repeated trade union demands for recognition.

Mr. Clive Jenkins' ASTMS made much of the early running in the union onslaught on ICI's "neutral" policy which the unions were convinced was a calculated move to deny unions recognition for its white-collar workers.

But little real headway was made until mid-1973 when the now defunct Commission on Industrial Relations was asked by the National Industrial Relations Court to consider and make recommendations on the whole issue of white-collar recognition.

When it appeared more than a year later, the report recommended that ASTMS should have exclusive bargaining rights for 21,000 ICI staff up to the level of middle managers and have joint negotiating rights with staff sections of established manual unions for 3,300 works supervisors.

Largely as a result of the CIR recommendations, ASTMS was able to absorb the 1,200-member ICI Staff Association—which had initiated the NIRC action — and win sole recognition for the company's 7,000 scientific and technical staff.

Broadly similar agreements recognising the staff sections of established manual unions for 3,300 supervisors and foremen, and ASTMS and the technical and supervisory section (TASS) of the Amalgamated Union of Engineering Workers for 2,000 engineers, followed soon after.

But the TUC-affiliated unions in general and ASTMS in particular came unstuck over 9,000 senior managerial and professional staff, for whom sole bargaining rights were granted to the Association of Professional Scientists and Technologists—a non-TUC union.

A ballot of these senior staff showed them four-to-one in favour of representation by the APST. But ASTMS, which claims to have some 2,000 of them in membership, is pursuing the matter further by asking the Advisory Conciliation and Arbitration Service to investigate the situation under Section 11 of the Employment Protection Act.

ACAS is expected to carry out an attitude survey earlier in the New Year before recommending which certified union—both ASTMS and APST have been given certificates of independence—should be recognised for the senior staff.

Meanwhile, ICI's manual unions say they will not co-operate with or take orders from APST members—a policy which could cause disruption if carried to extremes, although it is having little effect at present.

Last night, officials of the three unions seeking recognition for the 10,500 clerical grades were elated by their successful ballot result.

The Electoral Reform Society reported tht 5,572, or 61.2 per cent., had voted in favour of the three being given joint recognition, with 3,530, or 38.8 per cent., preferring the present system under which staff committees are consulted but have no negotiating role.

No spheres of influence have been agreed between the three, and the scene is set for a major recruiting campaign as they vie with each other to woo new members. Thousands of recruiting leaflets were printed in expectation of the ballot result.

| Group of ICI staff | number | Unions gaining recognition and when |
|---|---|---|
| Scientific & Technical | 7,000 | ASTMS 1974 |
| Foremen and supervisors | 4,000 | White collar sections of established manual unions 1975 |
| Engineers | 2,000 | AUEW (TASS) and ASTMS 1975 |
| Management and professional staff | 9,000 | APST 1976 |
| Clerical and admin. | 10,500 | Ballot result in favour of ASTMS, and staff sections of TGWU AND GMWU having joint recognition (under decision). |

# Print union merger talks

FORMAL TALKS on a merger between two major print unions, the National Graphical Association and the National Society of Operative Printers, Graphical and Media Personnel, are expected to start early in the New Year.

This follows informal discussions between the two general secretaries—Mr. Joe Wade of the NGA and Mr. Owen O'Brien of NATSOPA—which, NATSOPA members are told in this month's issue of the union's journal, are "proceeding favourably."

NATSOPA, the NGA and the Society of Graphical and Allied Trades are all pledged to the ideal of a single union for the industry. The potential effects on work patterns of new technology and the emergence of a new generation of leaders in the once bitterly competitive unions has recently produced a spirit of strong co-operation.

An eventual merger between the three organisations would create a new print union with a membership of more than 350,000.

# Farm workers earning more

AVERAGE EARNINGS of farm workers in England and Wales went up by 18.8 per cent. during the year to the end of September, compared with the same period last year, while their average working week was 24 minutes shorter at 46 hours.

Figures issued by the Ministry of Agriculture yesterday showed that, for all hired men, average earnings over the year increased from £41.15 to £48.92 a week, an increase of £7.77.


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Agent

Bank of America NT & SA

November, 1976


# World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on November 29, 1976. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the U.K. and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territory; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (ex/c) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

| Place and Local Unit | | Value of £ Sterling |
|---|---|---|
| Afars & Issas | Djibouti Franc | 275(sg) |
| Afghanistan | Afghani | 78 (A) |
| Albania | Lek | (O) 10.10(A) (n/a) |
| Algeria | Dinar | 6.65 |
| Andorra | French Franc | 8.25 |
| | Spanish peseta | 112.80 |
| Angola | Angola Escudo | n.a. |
| Antigua (S) | E. Caribbean | 4.4510 |
| Argentina | Ar. Peso Free Rate | 427.62 |
| Australia (S) | Australian $ | 1.5198† |
| Austria | Schilling | 28.10 |
| Azores | Portug. Escudo | 52.25 |
| Bahamas (S) | Ba. Dollar | 1.6485 |
| Bangladesh (S) | Taka | 25.55(sg) |
| Bahrain (S) | Dinar | 0.650 |
| Balearic Is. | Spa. Peseta | 112.80 |
| Barbados (S) | Barbados $ | 3.2970 |
| Belgium | B. Franc | (cm) 60.55 (fn) 61.10 |
| Belize | B$ | 3.2970 |
| Benin | C.F.A. Franc | 411½ |
| Bermuda (S) | Bda. $ | 1.6485 |
| Bhutan | Indian Rupee | 14.85 |
| Bolivia | Bolivian Peso | 32.97 |
| Botswana (S) | Pula | 1.4326 |
| Brazil | Cruzeiro | 18.88 |
| Br. Solomon Is. (S) | Australian $ | 1.5198† |
| Br. Virgin Is. (S) | U.S. $ | 1.6485 |
| Brunei (S) | Brunei $ | 4.0458 |
| Bulgaria | Lev | 1.5640 |
| Burma | Kyat | 11.88 |
| Burundi | Burundi Franc | 149.52 |
| Cameroon Rp | C.F.A. Franc | 411½ |
| Canada | Canadian $ | 1.5875 |
| Canary Is. | Spanish Peseta | 112.80 |
| Cape Verde I. | Cape V Escudo | 52.25 |
| Cayman Is. (S) | Cay. I. $ | 1.3738 |
| Cent. Af. Rp. | C.F.A. Franc | 411½ |
| Chad | C.F.A. Franc | 411½ |
| Chile | C. Peso | (Bk) 25.95 |
| China | Renminbi Yuan | 3.1574 |
| Colombia | C. Peso | (F) 58.25 |
| Comoro Is. | C.F.A. Franc | 411½ |
| Congo (B'ville) | C.F.A. Franc | 411½ |
| Costa Rica | Colon | 14.1771 |
| Cuba | Cuban Peso | 1.38805(sg) |
| Cyprus (S) | Cyprus £ | 0.668 |
| Czechoslovakia | Koruna | (com) 9.55 (n/c) 16.80 (T) 16.28 |
| Denmark | Danish Krone | 9.89¾ |
| Dominica (S) | E. Caribbean $ | 4.4510 |
| Domin. Rep. | Dominican Peso | 1.6485 |
| Ecuador | Sucre | (O) 40.98 (F) 46.54 |
| Egypt | Egyptian £ | 0.62974 (T) 1.11607 |
| Ethiopia | Ethiopian $ | (P) 3.4185 |
| Eq'l Guinea | Peseta | 112.80 |
| Falkland Is. (S) | Falkland Is. £ | 1.0 |
| Faroe Is. | Danish Krone | 9.89¾ |
| Fiji Is. (S) | Fiji $ | 1.5058 |
| Finland | Markka | 6.296 |
| France | French Franc | 8.25 |
| Fr. C'ty in Af. | C.F.A. Franc | 411½ |
| Fr. Guiana | Local Franc | 8.25 |
| Fr. Pac. Is. | C.F.P. Franc | 149.94 |
| Gabon | C.F.A. Franc | 411½ |
| Gambia (S) | Dalasi | 4 |
| Germany (East) | Ostmark | 3.95½ |

| Place and Local Unit | | Value of £ Sterling |
|---|---|---|
| Germany West | Deutschemark | 3.95½ |
| Ghana (S) | Cedi | 1.88 |
| Gibraltar (K) | Gibraltar £ | 1.00 |
| Gilbert & Ellice Is. (S) | Aust. Dollar | 1.5198† |
| Greece | Drachma | 61.4295 |
| Greenland | Danish Kroner | 9.89¾ |
| Grenada (S) | E. Caribbean $ | 4.4510 |
| Guadaloupe | Local Franc | 8.25 |
| Guam | U.S. $ | 1.6485 |
| Guatemala | Quetzal | 1.6485 |
| Guinea Rep. | Syli | 36.7286 |
| Guinea Bissau | — | 51.9525 |
| Guyana (S) | Guyanese $ | 4.2037 |
| Haiti | Gourde | 8.24 |
| Honduras Rep | Lempira | 3.30 |
| Hong Kong (S) | H.K. $ | 7.8258 |
| Hungary | Forint | (com) 72.56 (nc)(T) 38.28 |
| Iceland (S) | I. Krona | 304.29 |
| India (S) | Ind. Rupee | 14.85 |
| Indonesia | Rupiah | 684.15 |
| Iran | Rial | (A) 115 |
| Iraq | Iraq Dinar | 0.487187 |
| Irish Rep (K) | Irish £ | 1.00 |
| Israel | Israel £ | 14.5598 |
| Italy | Lira | [illegible] |
| Ivory Coast | C.F.A. Franc | 411½ |
| Jamaica (S) | Jamaica Dollar | [illegible] |
| Japan | Yen | [illegible] |
| Jordan (S) | Jdn. Dinar | 0.549(sg) |
| Kampuchea | Riel | n.a. |
| Kenya (S) | Ken. Shilling | 13.82 |
| Korea (Nth) | Won | n.a. (g) |
| Korea (Sth) | Won | 797.55 |
| Kuwait (S) | Kuwait Dinar | 0.475 |
| Laos | Kip Pot Pol | 329.7 |
| Lebanon | Lebanon £ | 4.8605 |
| Lesotho | S. African Rand | 1.4326 |
| Liberia | Liberian $ | 1.6485 |
| Libya | Libyan Dinar | (P) 0.4881 |
| Liecht'stn | Swiss Franc | 4.02½ |
| Luxembourg | Lux Franc | 60.65 |
| Macao | Pataca | 12.7325 |
| Madeira | Portug'se Escudo | 52.25 |
| Malagasy Rp. | MG Franc | 411½ |
| Malawi (S) | Kwacha | 1.498 |
| Malaysia (S) | Ringgit | 4.1715 |
| Maldive Is. (S) | Mal Rupee | 15.3094 |
| Mali Rp. | Mali Franc | 825 |
| Malta (S) | Maltese £ | 0.715 |
| Martinique | Local Franc | 8.25 |
| Mauritania | Ouguiya ♣ | 82.2457 |
| Mauritius (S) | M. Rupee | 10.88 |
| Mexico | Mexican Peso | 37.06 |
| Miquelon | C.F.A. Franc | 411½ |
| Monaco | French Franc | 8.25 |
| Mongolia | Tugrik | (O) n.a. (g) |
| Montserrat | E. Caribbean | [illegible] |
| Morocco | Dirham | 7.30(sg) |
| Mozambique | Moz. Escudo | 52.25 |
| Nauru Is. | Aust. Dollar | 1.5198† |
| Nepal | Nepalese Rupee | 24.40 |
| Netherland | Guilder | 4.14 |
| Neth. Ant'les | Antillian Guild | 2.9508 |
| New Hebrides | Franc | 135.07 |
| | Austl. Dollar | 1.5198† |
| N. Zealand (S) | N.Z. Dollar | n.a. |
| Nicaragua | Cordoba | 11.62 |
| Niger Rp | C.F.A. Franc | 411½ |
| Nigeria (S) | Naira | 1.157 |
| Norway | Nrwg. Krone | 8.81½ |
| Oman Sultanate of (S) | Rial Omani | 0.569 |
| Pakistan | Pkst. Rupee | 16.30(sg) |
| Panama | Balboa | 1.6485 |
| Papua N.G. (S) | Kina | 1.2906 |

| Place and Local Unit | | Value of £ Sterling |
|---|---|---|
| Paraguay | Guarani | 208.00 |
| P'ple's D. Rp. of Yemen (S) | S. Yemen Dinar | (A) 0.56975 |
| Peru | Sol | exc A 111.58 |
| Philippines | Ph. Peso | 12.2908 |
| Pitcairn Is. (S) | £ Sterling | — |
| | New Zealand $ | n.a. |
| Poland | Zloty | (Cm) 52.62 (T) 56 |
| Portugal | Pgse Escudo | 52.25 |
| Port Timor | Timor Escudo | 52.25 |
| Principe Isle. | | n.a. |
| Puerto Rico | U.S. $ | 1.6485 |
| Qatar (S) | Qatar Ryal | 6.50 |
| Reunion, Ile de la | French Franc | 8.25 |
| Rhodesia | Pound ●● | n.a. |
| Romania | Leu | (cm) 10.48 (n/c)(T) 19.65 |
| Rwanda | Rwanda Franc | 152.52 |
| St. Christopher (S) | E. Caribbean $ | 4.4510 |
| St. Helena (S) | £ Sterling | — |
| St. Lucia (S) | E. Caribbean $ | 4.4510 |
| St. Pierre | C.F.A. Franc | 411½ |
| St. Vincent (S) | E. Caribbean $ | 4.4510 |
| Salvador El | Colon | 4.12 |
| Samoa (Am) | U.S. $ | 1.6485 |
| San Marino | Italian Lira | [illegible] |
| Sao Tome | Pgse. Escudo | 52.25 |
| Saudi Arabia | Ryal | 5.80 |
| Senegal | C.F.A. Franc | 411½ |
| Seychelles | S. Rupee | 13.53 |
| Sierra Le'ne (S) | Leone | 2.0 |
| Singapore (S) | Singapore $ | 4.0458 |
| Somali Rep. | Som Shilling | A 10.5773(sg) |
| Sth. Africa (S) | Rand | 1.4326 |
| S. W. Africa Territories (S) | S. A. Rand | 1.4326 |
| Spain | Peseta | (h) 112.80 ● |
| Span. Ports in North Africa | Peseta | 112.80 |
| Sri Lanka (S) | S. L. Rupee | 14.50(sg)◆◆ |
| Sudan Rp. | Sudan £ | A 0.5746(sg) |
| Surinam | S. Guilder | 2.9508 |
| Swaziland (S) | Lilangeni | 1.4326 |
| Sweden | S. Krona | 6.90 |
| Switzerland | Swiss Franc | 4.02½ |
| Syria | Syria £ | (A) 6.0593(sg) |
| Taiwan | New Taiwan $ | (P) 62.645 |
| Tanzania (S) | Tan. Shilling | 13.82 |
| Thailand | Baht | 33.5575 |
| Togo Rp. | C.F.A. Franc | 411½ |
| Tonga Is. (S) | Pa'anga | 1.3855 |
| Trinidad (S) | Trin. & Tobago | 3.9564 |
| Tunisia | Tunisian Dinar | 0.695(sg) |
| Turkey | Turkish Lira | 26.40(bg) |
| Turks & Cs. | U.S. $ | 1.6485 |
| Uganda (S) | Ug. Shilling | 13.82 |
| Utd. States | U.S. Dollar | 1.6485 |
| Uruguay | Uruguay Peso | (cm) 8.34 (fn) 8.48 |
| Utd. A'b Emts | U.A.E. Dirham | 6.57 |
| U.S.S.R. | Rouble | 1.25 |
| Upper Volta | C.F.A. Franc | 411½ |
| Vatican | Italian Lira | 1,426 |
| Venezuela | Bolivar | 7.08(s) |
| Vietnam (Nth) | Dong | (O) n.a. (g) (T) n.a. (g) |
| Vietnam (Sth) | Piastre | n.a. |
| Virgin Is. U.S. | U.S. Dollar | 1.6485 |
| Western Samoa (S) | Samoan Tala | 0.8857 |
| Yemen | Ryal | 7.40(sg) |
| Yugoslavia | New Y Dinar | 30.4958 |
| Zaire Rp. | Zaire | 1.430857 |
| Zambia | Kwacha | 1.30 |

◆ That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.
◆◆ Rupees per pound. Tourists visiting Sri Lanka receive a premium of 65 cents per cent.
●● A decimal currency for the dollar, equal to 10 Rhodesian shillings was introduced by the Independent Regime on February 17, 1970. Recent reports suggest a rate of about 1.6746 Rh. dollars to £1.
♣ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Frs.5 to one unit of the new currency.
(x) General rates oil and iron exports [illegible].

(g) The Mongolian tugrik has lately been reported to stand at an official commercial rate of 0.225 Russian roubles: The North Vietnamese dong at 0.306 roubles and the North Korean won at 0.7492 roubles. With the pound standing at 1.25 roubles the following relationship could be calculated for the pound: £=5.58 tugriks; £=4.08 dongs; £=1.668 won.
* Rate is the Transfer market (controlled).
** Rate is now based on 2 Barbados $ to the dollar.
‡ Now one official rate.
† Following 17.5 per cent. devaluation.

Peter Riddell reveals how consultants have helped build new expertise into the way Government expenditure is monitored

# The Treasury learns how much it spends

THE few success ... e Treasury has been ... ell recently has been ... lic spending, for the ... in many years, is ... ept within planned ... An important method ... this reinforcement of ... as been the introduc- ... new way of monitor- ... expenditure. This ... developed over the ... ears by the Treasury, ... nction with outside ... s who have contri- ... xperience of how ... information systems ... n the private sector. ... is to provide infor- ... oughout the financial ... hat has been spent so ... s to be spent and how ... res with a profile of ... nd the original plans. ... appear a modest ad- ... he standards of large ... but it is an import- ... ven both the size and ... tive complexity of ... sector. The new sys- ... also be but a first ... proving the manage- ... blic spending.

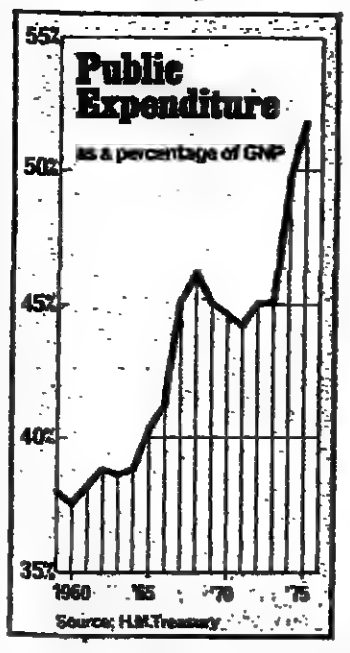
... ation of this new ... system indicates the ... as well as the possi- ... he Government draw- ... ate sector experience. ... is a matter of sheer ... ublic sector is likely ... total of more than ... he current financial ... rious ways, spread ... t range of activities. ... the administrative ... much looser than in ... mpany. This applies ... the legal autonomy ... authorities and ... industries but also ... tical degree of in- ... of large spending ... s within Whitehall ... uasion is required ... flat. In addition, ex- ... as to be planned and ... ithin the framework ... ntary estimates.

... current financial ... g Departments have ... erly returns of expenditure within about five weeks of the end of each quarter. Although daily figures are available of actual total cash outlays, the quarterly figures have provided the first detailed breakdown. In addition, Departments had their own individual arrangements for monitoring expenditure plus informal contacts with the relevant officials in the public spending side of the Treasury to keep them in touch with the need for supplementary estimates in addition to those approved in the spring of each year.

But this proved to have increasing flaws—mainly, though not entirely, because of inflation. The Treasury often did not have sufficient information to know during the financial year exactly where over-spending was occurring—and whether it was merely because of higher inflation or increased expenditure in volume terms—in time to do anything effective about it. Obviously, officials tried to be forewarned but the system itself was rough and ready, especially when an accelerating rate of inflation pushed up the size of the supplementary estimates.

## Control

Such pressures account for much of the talk about public spending being out of control though in practice this often merely represented an opinion about expenditure rising too sharply. More accurately, out-of-control means that spending is above original plans. This can be because Ministers have authorised new programmes, or because the volume of spending is above target as a result of estimating errors, or because of inflation. Mr. Leo Pliatzky, the Second Permanent Secretary who is in charge of public spending at the Treasury, has tried with his colleagues to ensure that spending this year is within plan on each criteria. It is for the politicians to determine how far the recently growing share of public spending in gross domestic product should be reversed.





Terry Kirk

After many years of rising public expenditure Treasury staff under Mr. Leo Pliatzky, second permanent secretary (right), have prepared a system for improving the monitoring of Government spending.

One problem in working out what over-spending has occurred is that public spending figures now come in three different forms. First, there are survey prices which are included in the annual public spending White Papers intended mainly to cover the planning and use of physical resources over the next five years. But when the White Paper is published early in each New Year the survey prices—often known as "funny money" prices—are actually based on price levels ruling 15 months earlier. When these survey prices are translated into Parliamentary estimates published in the spring at the time of the Budget, the prices relate to the previous estimate plus any price increases known then.

But in addition, there are now cash limit prices which represent an updating of estimates to take account of expected price increases during the financial year. Spending departments are required to keep their expenditure within these limits which enables the Government both to plan and monitor spending after taking account of inflation.

The more extensive use of cash limits this year to cover more than a half of all public spending as a result of the accelerating inflation in 1974-75 provided the occasion for the adoption of the new monitoring system. But the origins go back to the development of more mechanised information systems within individual spending departments. This trend led to the establishment of an overall review of financial information two years ago which involved a Civil Service Department and Treasury operational research team, also including various outside consultants.

The result of their review was the decision in autumn 1975 to set up a new system for presenting and monitoring the figures. The work has been carried out by a special unit in the Treasury under Mr. Robin Butler, an assistant secretary, in conjunction with management consultants Arthur Andersen, who were involved on the design of the system.

The first step from September 1975 onwards was for departments to prepare monthly rather than quarterly figures of spending within ten working days of the end of each month. This allowed departments to build up profiles of spending during the course of the financial year which have been used since April as the cash limits have been extended.

Both the extension of cash limits and the establishment of the information system seem to have worked quite well and the Treasury has been receiving earlier and more frequent details of actual cash outlays. But from next April onwards this system is to be extended and Departments will prepare a further analysis of spending five times a year, breaking the figures down between volume and price changes and also giving a revised forecast outturn for the year. This enables the figures to be compared with the survey (White Paper) prices as well as with the estimate prices and cash limits.

Moreover because of the profiles it should be possible to compare actual expenditure with the profile and conclude whether spending is in line with expectations or not. It should also be clear whether any over-spending has been caused by higher than expected prices or higher expenditure in volume (survey price) terms.

Meanwhile, the monitoring has been extended to cover the rest of voted expenditure approved by Parliament. This still leaves nationalised industries, which have their own system of controls and monthly reports to the Treasury, and local authorities, where central Government is inching its way forward.

The extension of the information system currently involves about two dozen people working out the necessary computer programme but this total will fall when it comes into operation. The success will clearly depend on the response of individual departments and the sophistication of their existing procedures varies enormously.

The resulting information should provide both spending Departments and the Treasury with the earliest possible indication in a fast changing position of possible difficulties in meeting spending targets, as well as an earlier input for economic forecasts. This still leaves the policy problem of what happens if the general rate of inflation is far higher or lower than when the cash limit was fixed. But at least there will now be a forewarning of the effects in time to make at least some adjustment. This year, for example, the consequences of a slightly higher than expected rate of inflation are being accepted with a resulting "gentle squeeze" on volume. But critics of cash limits and of the monitoring system doubt whether it will always be feasible to separate price and volume changes.

Apart from improving the flow of information to the central policymakers, the new system may ensure that if the officials in charge of spending are responsible for monitoring a profile and the price changes affecting expenditure, controls may also be improved.

Indeed, from this point of view, the new information system could be the beginning of bigger changes. One obvious first step would be a simplification of the system because, if cash limits and maybe inflation are here to stay, then there is no apparent reason why cash *limits and estimates should not* be merged, though this raises delicate questions of Parliamentary control.

## Attitudes

A longer-term step would be to develop monitoring into a system of control, but that would necessitate major changes in the attitudes, and probably the training, of civil servants.

A fundamental difficulty at present is that control and monitoring both concentrate on inputs such as expenditure, and there is little consistent attempt to measure output and productivity. There has been the occasional use of programme analysis and review to study particular areas from time to time. This was started by the Heath Government, but has an uneven record and reputation, and there is no continuing overall monitoring of efficiency in this sense.

It is, of course, much easier for the private sector which can compare an item of spending with the resulting profit, but in Government it is much more difficult to measure output in this way. Indeed, the whole process of feeding back information to the centre is an obvious area for further work, beyond just the monitoring of cash spending.

BISCUIT MAKING BY STUART ALEXANDER

# A £5m. spread away from chocolate

A WIDE RANGING feasibility study of its chocolate biscuit manufacturing business has recently been completed by Cadbury Typhoo as part of an exercise designed to turn round the profitability of one of its factories.

The company set up two teams to carry out the work. One was based at its Bourneville headquarters in Birmingham to study sales while the other, formed at the factory, carried out a production resource audit for making biscuits. Co-ordinating the work was a combined study group.

Behind the study was the need to arrest a worsening financial situation. Profit margins in the food industry have been less than spectacular in recent years and this has been particularly true of the biscuit market, which has been hit by rising material costs, fierce competition for supermarket shelf space alongside own-label products, and an EEC sugar policy which has raised prices even higher.

The result has been that the British market has traded down, as it has in many other food areas, making the premium end of the biscuit market more vulnerable. The fully covered chocolate biscuit, so long a teatime favourite for schoolchildren, has consequently declined in popularity, leaving manufacturers with both an investment and marketing dilemma.

## Old machinery

Cadbury, synonymous with chocolate, had long enjoyed success with its fully covered biscuits. The factory making them, at Moreton in the Wirral, started production in the mid-1950s but its machinery has already become outdated. Cadbury was therefore faced with a declining market which was unable to support expensive advertising. It also had ageing machinery which was not flexible enough to vary the product mix while raw material costs like cocoa and sugar were also rising rapidly.

This meant the company was faced with three fundamental choices, to do nothing, to shut down, or to invest. The first meant that the gap between orders and profitability would gradually widen until losses were too heavy to sustain, and this would only delay a shutdown for up to three years.

An immediate closure would mean that capital costs would be cut and the space given over to other food lines, but it would be accompanied by unpalatable redundancies, difficulties in resiting production, and an interruption of supply to a market which was still potentially profitable.

The third plan would need considerable justification in terms of market development, financial return and technical feasibility. It also entailed taking risks and would therefore be the line of action most likely to warrant main Board attention.

Cadbury as a company is extremely sensitive when it comes to its relationships with employees and was anxious not to repeat problems it had suffered with redundancies in the late 1960s. It feared that such a problem could have repercussions throughout the group.

However Cadbury adopts a tougher line with its management and sets demanding performance levels from its middle managers, especially in sales and marketing. It was partly as a result of initiative from this department that a study group was set up to investigate methods, timetables and costs of modernising the plant sufficiently to make it competitive again.

The technical problems on the ground had long been realised by both the factory managers and employees, so they took the simple, but crucial step of joining forces.

The combined study group worked with remarkable speed. Established in October last year it put a complete plan before the Cadbury Typhoo Board in May and the main Cadbury Schweppes Board in June. Since then, a £5m. development has been approved and work has begun.

Throughout the operation the group kept its sights at a moderate level. Historical sales strengths were looked at alongside market development opportunities and balanced by technical and capital investment that would give not only improved and economical output but more flexibility in the type of product which would take account of price sensitivity among consumers.

The technical team, made up of managers, engineers and shop floor representatives, was led by Andrew Crawford, director of the Wirral factory, who backed up a basically pragmatic approach with personal experience of managing the local labour force. The main problem was to improve production flow techniques by reducing multi-stage processing, cutting wastage, tightening up recipe control rationalising packaging for both home and export markets, making better use of labour, reducing maintenance costs and delays, and devising a system that could cope with the introduction of new products.

## Product mix

The whole group was led by Mr. Peter Dunkerley, the marketing manager, whose own marketing team took a close look at the way the Cadbury sales were moving. It considered the product mix it wanted to sell and how this would fit in to overseas sales. Profitability had to be increased not only to cover capital outlay in three years, but contribute a share towards more competitive pricing of other lines.

It also had to convince the Board of the viability of its recommendations, which it did through a series of statistical presentations coupled with special factory visits for the individual Board members.

Mr. Dunkerley's team first established that Cadbury's market share could be increased and that new markets could be created, especially among children. They then established that the Moreton plant was suitable for modernisation rather than franchising biscuit production elsewhere or using the capital to purchase an independent manufacturer. The social and labour factors coupled with the incentive of a regional development grant from the Government helped to clinch the investment decision.

Local union leaders supported the concept of modernisation even at the expense of accepting that a small part of the labour force should be made redundant.

The areas of growth for Cadbury were identified as half-covered and speciality uncovered biscuits so the next step was to persuade an historically committed chocolate company that it should be prepared to diversify into uncovered lines where the competition, experience and supermarket muscle was already solidly entrenched against them.

The ultimate decision to invest in biscuits has mainly been a result of the way in which the study group worked so closely together and came up with a well-prepared plan about which both teams were convinced. It was also helped by the continuing export success of British cake and biscuit manufacturers. The five-year plan which has been put into operation is not however intended to make Cadbury Britain's leading force in biscuits. Rather it should ensure a return to higher profitability and establish new Cadbury lines, keeping together a workforce which has, in the last 20 years, shown proven stability and developed what are now becoming traditional skills.

# Management centre opens in London

THE LONDON Regional Management Centre—a department of the Polytechnic of Central London—has opened under the direction of Professor Keith Alan-Smith, former dean of the polytechnic's school of social sciences and business studies.

The centre, which is being financed by the Inner London Education Authority, will attempt to identify management training needs in the London area and encourage greater liaison among teachers and training institutions. It will also undertake applied research projects and work in the development of management teaching.

The centre is one of two that have been designated by the Department of Education and Science to serve London and the Home Counties. The other is based at Kingston Polytechnic in Surrey.

# Qualities for the works

LEADERSHIP AND a stable personality have been judged to be the two most important qualities needed by a works manager in a competition sponsored by Cadbury Schweppes and run by the Institution of Works Managers.

The next most significant qualities—in order—were administrative ability, experience in industrial and personnel relations, and shop floor experience. Bottom of the list was having worked in more than one company which, say the competition organisers, shows that scant regard is paid to job hopping in order to gain experience.

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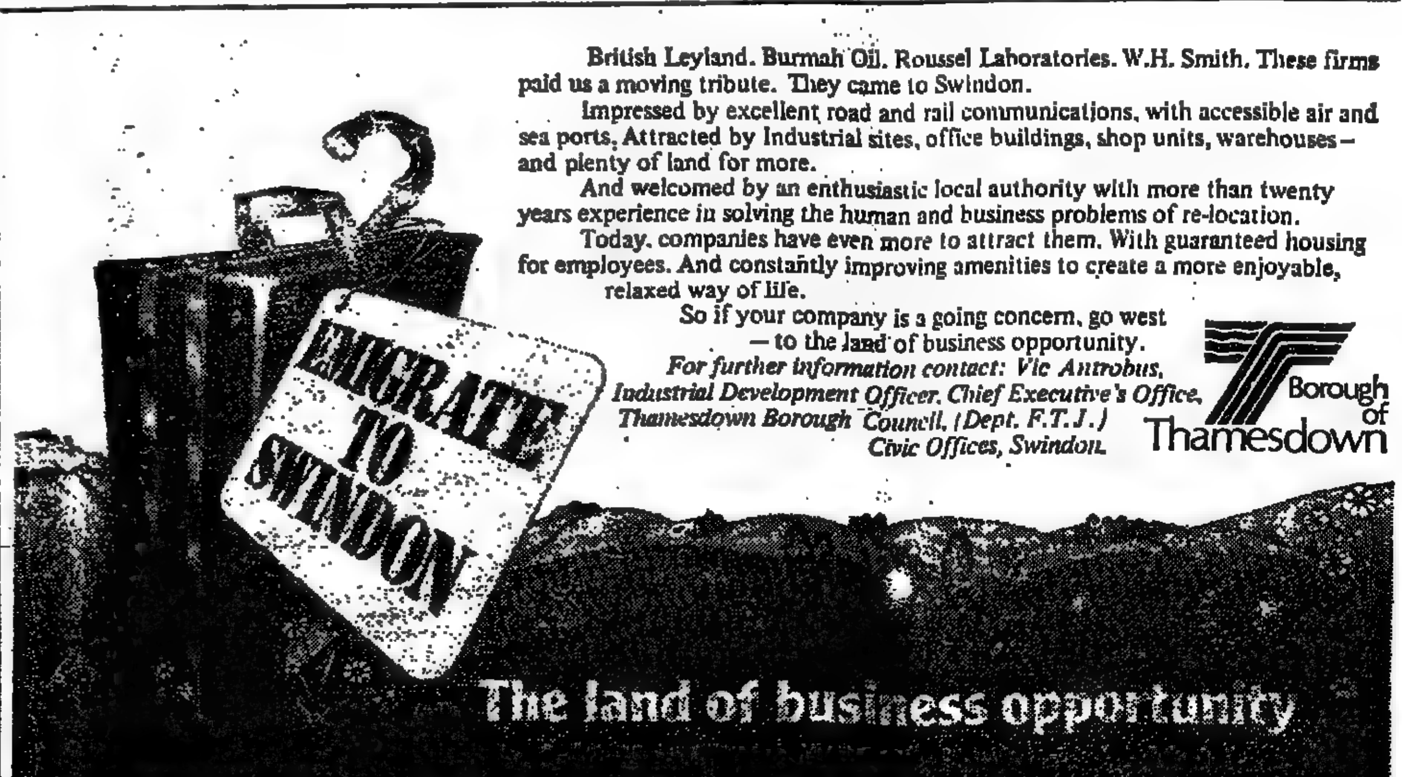


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TUESDAY, NOVEMBER 30, 1976

# Australia's problems

MR. MALCOLM FRASER, the Australian Prime Minister, said before he took office last December that it would take three years to put the economy back on an even keel. Subsequent events, culminating in the 17½ per cent. devaluation of the Australian dollar at the weekend, have tended to suggest that this was no exaggeration.

### *Investment*

Mr. Fraser's Government came to power faced with problems of inflation, unemployment and ever-rising government spending. There were also fears that there would be trouble with the trade unions, despite his large majority at the polls. His strategy, made plain in the budget last August, was not only to cut spending—or at least its rate of increase, but also to give priority to investment even at the expense of seeing unemployment rise still higher. The budget indeed was described by some as an investors' charter.

Three months later investment expectations had gone sour. The country has been suffering from a capital outflow and a run-down of official reserves which had been accelerating over the past few weeks. Part of this no doubt was in anticipation of the devaluation which was widely thought to be on the way, and the Government would argue that by devaluing by such a relatively large amount it has acted to stem such outflows for some time to come.

Yet the problems of inflation and unemployment remain and may to some extent get worse, at least in the short term. The devaluation will push up the cost of imported goods. This in turn will have an effect not just on formal wage negotiations, but also on the quarterly haggles about how far wage levels should rise automatically in line with the increase in the consumer price index. Twice this year the indexation has been less than 100 per cent.: in the third quarter, however, the unions insisted on, and won, the full amount. It is likely that they will make the same demands again unless a device can be found for compensating them in other ways. The annual rate of inflation is already around 14 per cent.

Unemployment has recently stabilised, but it has done so at a notably high level of 4.7 per cent. of the labour force. It is expected to go up again with the end of the school year and will presumably not be helped by the cuts in public spending, however necessary these are. Indeed in the manufacturing sector, which accounts for nearly one-quarter of those in employment, it is being suggested that devaluation will still not be enough to make Australian goods competitive.

What this reduces to is that Australia has become an extremely high cost country, accustomed to living well beyond its immediately realisable potential. The wages explosion of recent years has meant that even if inflation were reduced to nil, it would still take some time before Australian labour costs were reduced to the level of some key competitors. In 1972, for example, labour costs in the metal-working industry were only two-thirds of those in the U.S. By last year the Australian costs were 25 per cent. higher than the American. This has had the predictable effect on industrial prices. Four years ago Australian steel plate cost slightly less than Japanese plate, and considerably less than West German or British. By 1976 the Australia price was 40 per cent. above the Japanese and above the others as well.

### *Infrastructure*

Mr. Fraser's strategy is to overcome the problems of the present by attracting investment for the future, mainly in raw materials. Yet even here Australia has become a high cost country. New investment in mining compels heavy attendant investment in infrastructure, and more so in Australia than in the more developed parts of the world. It was the mining industry itself which estimated that it now costs 30 per cent. more to open a new mine in Australia than in North America. Of course, there may come a time when such investment is worth it, but that will depend on estimates of world demand rather than anything done by the Australian Government. Moreover, even if the investment were to be forthcoming now, there would still be a problem of selling to the unions a strategy of investing in capital intensive projects while unemployment is high. It is far from clear that the seriousness of all this has yet dawned on either unions or Government.

Swedish unions use the law and bargaining power to extend industrial democracy. **John Elliott reports.**

# Swinging the balance of power in Sweden's industry

THE WAY in which Swedish industry conducts its affairs is at a crossroads this winter, following the general election defeat two months ago of the country's 44-year-old Social Democrat Government. The change of administration has coincided with a determination among the country's national union leaders to use the law and their collective bargaining power to invade managerial prerogatives and radically to extend industrial democracy in Sweden.

Gunnar Nilssen, president of the LO: control with responsibility.

As a result trade union power has become a major issue in Sweden and is thought to have played a part in the Social Democrats' defeat. This is a sharp change from the popular view of Sweden as an industrially peaceful country where unions and managements work together in constant harmony.

The harmony still remains on factory shop floor but a new strident trade union policy has emerged in national affairs and is now coming into the open with current negotiations between Sweden's national employers, the SAF, and trade unions (led by the LO) on a wage deal which is intended to include an agreement on how a new Act on the Joint Regulation of Working Life should be implemented.

The Act removes previous legal restrictions on bargaining and so provides the opportunity which may or may not be rapidly realised in practice—for trade unions to prevent managements making almost any decision unless and until their prior agreement has been obtained. This approach to industrial democracy is the latest of a wide-ranging series of measures built up with statutory backing, in recent years. The list includes a small minority of union-based worker directors, extensive disclosure of company information, the availability of financial advisers employed by unions at employers' expense to unravel company affairs, extensive trade union education, plus controversial proposals for a profit-sharing scheme which would gradually hand financial control of companies over to the unions.

These developments are significant for Britain for two reasons. First, they show that trade union-based worker directors—or Board representatives as Swedes prefer to call them—need not be the primary target for those wanting to extend industrial democracy. Second, it shows how a trade union movement has faced up to the problem of maintaining its traditional adversary role towards management and has become determined not to weaken this in the name of participation until it is in control.

Until the past few years trade union power has not been an issue in Sweden because workers did not need the Government or the law to help them establish good working conditions through collective bargaining or a substantial say in their factories through consultative procedures. However, towards the end of the 1960s, this started to change.

First, within the past 10 years, new young intellectuals have emerged in trade union and social democratic circles, and policies based on conflict rather than co-operation and aimed at enhancing trade union power have emerged to supplement traditional union wage bargaining. The union rationale for this is that, by the late 1960s it was apparent that union members were suffering as a result of company mergers and closures over which they had had no influence. They had not benefited from the changes, especially when they had to find a new job. So, the argument goes, the unions had to develop a new power structure in industry to tackle these problems at all levels from the shop floor, on issues like group assembly, up to the Boardroom. This is not unlike the arguments now being put forward by British trade union leaders.

## Part-ownership of companies

In Britain the TUC wants to reach the Boardroom in one rapid jump, even though most of its trade unions have neither the quantity nor the quality of expert shop stewards and officials—nor the research back-up—which would make such a move quickly effective. In addition, the TUC unions would either have to force company Boardrooms to become an arena for perpetual collective bargaining or they would have to endure their Board representatives bearing the responsibility for company decisions without having, or without exercising, equal control with management over them. It is because of this that some TUC unions reject worker directors and want to stay on the outside of a company while being given the statutory right to negotiate with it on an increasingly large number of corporate issues.

**HISTORY OF SWEDISH LABOUR LAWS AND AGREEMENTS**

1906 National agreement includes clause effectively banning negotiations on hiring, firing, and management of work.

1928 Legal framework with binding contracts introduced to curb unions.

1938 Major peace-setting national labour agreement signed.

1973 Legal framework to help union starts to be introduced with worker director system and provisions on safety and job security.

1974 Law on shop steward rights.

1976 Act on the Joint Regulation of Working Life cancels the 1906 ban on negotiations, so freeing unions to negotiate on managerial decisions.

„ Worker director system confirmed and enlarged.

„ Meidner Plan for unions to build up capital holding in companies drawn up but not acted on.

From the start of their search for a new power structure, the Swedish trade unions movement has set its face against this risk of being compromised by sharing managerial responsibility. "We want a fair balance between the influence we have and the responsibility we carry," one union official told me.

The highly controversial profit sharing and capital formation proposals drawn up earlier this year would sharply increase this influence. Known as the Meidner plan after the name of the senior LO official who prepared them, they involve what union leaders call "economic democracy," that is the part-ownership of companies by employees. In the Meidner plan 20 per cent. of a company's profits would be put into a central fund controlled by the trade unions and there would be no individual involvement of employees.

The real effect of this would be that trade unions would gradually gain a controlling interest in a company's capital and it is thought in Sweden that it was the LO's determination to push this idea, with all its connotations of increasing trade union power and central bureaucracy, that helped unseat the Social Democrat Government.

In the meantime an alternative profit-sharing proposal from the Swedish employers has suggested that 1 per cent. of a company's profits should be put into employee-controlled funds which would buy shares in their own companies. In fact, some companies are already going ahead with employee-share schemes.

Worker representatives on Boards were introduced by law in Sweden in 1973 when they were given two seats (plus two reserve representatives standing by) on Swedish single-tier Boards which normally have about six or eight directors. The worker representatives come from the trade unions (about 90 per cent. of the country's workforce belong to trade unions) and, whatever ambitions they may have had when they were first appointed, they are now seen merely as a moderately effective method of trade unions gaining company information. As a result, unions are said sometimes to feel better informed and companies to feel better understood by their employees. The worker representatives leave the Boardroom when industrial action or wage/bargaining is being discussed, although they are present when a company's financial plan, and therefore its allocations for wages, is determined.

They have also overcome the problem of company secrecy, which has worried many U.K. companies, with a simple solution. All Board directors are bound by law not to leak anything which could harm their company, and at the end of each Board meeting the Board decides what parts of its discussions must remain totally secret, what the trade union representatives can pass back to their economic adviser, what to their senior committee, and what to all the workforce.

However, one of the problems is that, as in other countries, Swedish Boards are not necessarily the place where the real executive power lies. For this reason the LO has wanted the law to lay down when Boards should meet and what they should discuss—which would correspondingly increase the company information given to the directors. This has not happened but in a new law this year confirming the Board representative system, there is a provision for an employee representative to sit on any special committee set up by the Board. Worker directors are also to sit on the top Boards of conglomerates and other groups of companies. How effective this will be remains to be seen. A company could easily delegate to informally arranged groups of executives rather than to formal committees which would avoid the need for a worker representative. In addition, even in Sweden where the union structure is far simpler than in the U.K., it is hard to see how the disparate interests of workers in different unions, different industries, and from different parts of the country could be adequately rationalised and represented on a conglomerate's Board.

Olof Palme, Social Democrat leader: months of haggling.

One other reform this year, however, which will widen the union voice on the Boards is that the two reserve worker representatives can sit in and speak during Board meetings but may not vote.

The LO however, is more interested in the new Act which fits in with its basic philosophy by giving unions a potentially vast increase in their rights to bargain on management decisions. But there is one key point which makes this innovation slightly less revolutionary than it may seem in the U.K. This is that the primary aim of the legislation is to outlaw a clause in the Swedish Employers' Federation statute, which has been upheld in the labour courts, forbidding member companies from signing participation deals on managerial matters including hiring and firing. Operating within Sweden's legal framework of labour relations therefore, the unions decided to obtain a law from the Social Democratic Government to remove this clause rather than try endlessly to persuade the employers to remove it voluntarily. As a result, the law now permits, but does not force, unions to demand the right to negotiate on matters with an employer. It also forces employers to tell the unions before they make key managerial decisions, and swings the balance of power temporarily in favour of the unions in that decisions have to be delayed if the unions wish and the union's view of the meaning of an agreement will sometimes prevail over a manager's.

In the hands of a militant workforce, or even a few extremist shop stewards, such legal provisions could wreak havoc with a company's ability to operate. Managers could be impeded minute by minute while a back-up sanction for a company to be fined if it takes decisions without following proper procedures could lead to endless and embarrassing labour court appearances. Generally, however, managers—or at least the younger ones—regard this as an organisational challenge that has to be met. Their target is to achieve the extra worker involvement for their companies without being blocked by endless and distracting management-union meetings. In any case, many Swedish companies already operate the sort of industrial democracy in their factories implied by the legislation.

On the other hand, partly with an eye on a Commission which is overseeing the progress of the Act, the LO has lodged extreme proposals with the national employers for the current negotiations. These proposals are aimed, in line with the LO's basic philosophy, at giving the workers control over areas where they will take responsibility. They want local union branches to have the right to determine (not negotiate or participate) on a factory's payment system, its working times and holidays, its factory layout, and the arrangement of working groups, the planning and distribution of jobs, and personnel policies, including manning levels.

## Participation arrangements

This would put the unions in effective control of a factory and will clearly not come about—this year at least. The employers' counter-proposal is that there should be a gradual development of joint participation arrangements with a union representative being constantly on hand to co-operate with management and take joint responsibility. These two stances reflect the basic problem for trade unions within industrial democracy—whether to stay on the outside and bargain until they gain control as the LO wants or to take responsibility in participation style structures as the employers and some individual unions want.

What seems most likely in Sweden is that, after many months of haggling stretching well into next year, a national agreement giving some union influence over management prerogatives will be reached while, in individual factories, the Swedish tradition of co-operative participation will generally continue. The danger is that the country's new political situation could so polarise opinion in the national arena that the basic Swedish traditions of co-operative industrial democracy would suffer.

# State industry and its suppliers

MANAGEMENT and union representatives from the telecommunications industry received little comfort from yesterday's meeting with the Post Office, at which the reasons for the recently announced cut in orders for telephone exchange equipment were explained. The Post Office has developed new planning techniques which show, among other things, that existing exchanges have more excess capacity than previously estimated; so fewer new exchanges will be needed. This comes on top of sizeable cuts in orders announced last year and adds to the problems of an industry which is in any case grappling with the employment consequences of the switch from electro-mechanical to electronic equipment.

### *Precarious*

While the Post Office is right to order no more equipment than it needs, the suddenness of the change of plan illustrates the precarious position of any industry which depends on a single, monopoly buyer in the home market. As the recent NEDO report pointed out, the biggest state corporations can exert a profound influence on their suppliers' prospects and even on their ability to survive. This applies especially to telecommunications, electrical machinery and industrial plant.

Ideally orders from the nationalised industries should provide a steady workload on which suppliers can base their export efforts; but this is frustrated both by sharp fluctuations in ordering and in some cases by technical specifications which are inappropriate for overseas customers.

Because of their size and dominance, a bad technical decision which subsequently has to be reversed, as in nuclear reactors and electronic telephone exchanges, can virtually destroy the supplying industry's exporting capacity. When forecasting errors are made, as they were by the electricity supply industry in the early 'sixties, this can lead to serious excess capacity and a subsequent hiatus in ordering.

Finally there is the ever-present danger of Government intervention: the suppliers of steel equipment, for instance, have had to live for the past five years in a state of uncertainty as to how much of the British Steel Corporation's investment programme will in the end go ahead.

Because they are part of the public sector, the nationalised industries have been made to take their share of public expenditure cuts whenever the Government has brought in a restrictive package. Instead of attacking the non-productive part of the public sector, governments have found it all too easy to make savings by reducing the capital spending programmes of the nationalised industries.

### *Priority*

The damage that this causes to industry as a whole should not be under-estimated. The total plant and machinery purchases of the six largest nationalised industries account for approximately one-third of all U.K. industries' spending on plant and equipment. The need for a stable ordering pattern must be given much higher priority both by the corporations and by the Government. In the reappraisal of the nationalised industries which, one hopes, is now in progress as a result of the NEDO report, the interests of the suppliers must be taken fully into account.

# MEN AND MATTERS

## Selling 1633 Broadway

By the yardstick of Britain's Centre Point, 1633 Broadway was not unlet for very long (it was empty from 1970 to 1974), but in that time it was one of the city's most talked about office blocks.

No. 1633 was in the portfolio of Uris Building Corporation, once bid for by John Ritblat's British Land and later acquired by America's National Kinney, in turn part of Warner Communications. Just before the first tenants arrived, a group of banks foreclosed on the $62m. construction loan, the first such action against a Manhattan office building since the pre-war depression.

Now 1633 has been sold by the banks for $82m. to a West German company, the Otto Versand mail order concern, an encouraging sign, it is hoped by the firm which handled the sale for the purchaser, for the U.S. market generally. Jordan Glazov, senior vice-president of the real estate firm, Romanek Golub, was in London yesterday, talking enthusiastically about the deal with an eye to prompting European investment interest in American property.

No. 1633, which includes two theatres, the first new ones in the city since the 1940s, had been considered a difficult building to let because it was a couple of blocks west of the important mid-town district and because there was a subway station in the basement. The last would be a big draw for London tenants; in New York it merely led to fearful talk about muggers swarming up from the station into the building above. These days, however, 90 per cent. of No. 1633 is filled, its tenants including Sears Roebuck and J. C. Penney.

So the banks have 1633 off the books, even if they have seen little reward from the operation, and the Germans are getting a healthy 9 per cent. yield on the $12½m. cash put into the block (they take on $70m. of loans). But Glazoff, while sounding bullish about property overall, agreed that his Chicago-based firm would be very cautious about recommending sites in New York, where there is still a lot of unfilled commercial space.

## Greg Smith confesses

Greg Smith pauses for a moment as he tries to recall in some detail what the critics said about his film Confessions of a Window Cleaner. Then he says: "'Puerile' is the word that springs to mind." The critics, at least the London ones, have gone on being rude, but Smith is not the least perturbed. Seekers after quality would presumably blame his sort of film — he is the producer of the ribald Confessions series — for the decline of the British film industry. For Smith and his backers, the box-office speaks volumes.

The films are British, in that they are made here and use British crews, and thus qualify for the all-important Eadey money levied on the basis of cinema attendances. But the finance comes from the States, and of course the dividends go in the same direction. It is easy to be cynical when Smith, 35, says he wishes he could make all-British movies. However, he shows no sign of fleeing abroad from the U.K. taxman and insists he really finds it sad that in six years of film-making only £105,000 of the £2m. he has got together for various productions can be described as home-grown cash.


"A disciple of Milton Friedman, I presume!"

West End reviewers pan his Confessions films and only 2 per cent. of the takings are in central London; but provincial critics have been kinder and the queue usually stretches round the local block when a Confessions picture opens in somewhere like Birmingham.

Smith started out with a fleeting and soon demolished ambition to be an actor then went into the agency side of the business. Ideas for films started when British Lion made a full-length feature based on the TV series Till Death Us Do Part. Smith and director Norman Cohen contacted the scriptwriters of Dad's Army, got their agreement to a film, and the American Columbia company agreed to put up the £285,000 production cost. A couple of small films later came the first Confessions idea.

Christopher Wood was an advertising account executive when he had the idea of writing Confessions of a Window Cleaner. Smith read it on a train ride to Folkestone, sunk £13,000 of his own resources into the "front money," buying up the rights and organising a package. That outlay is recouped as soon as shooting starts and the major backer starts putting in the production finance.

For two and a half years, Smith hawked the film around ("Everybody turned it down twice"), and finally Columbia agreed to back the project. Healthy profits have been made, there have been two more Confession films. There are one or two production problems for the film-makers, including the need to make "C" (for Censored? Covered?) versions, toned down for markets like Spain and Ireland.

Now Smith is in partnership with another best-selling author, Leslie Thomas. They have made a sequel to Thomas's Virgin Soldiers, with the Malayan jungle set up in darkest Denham and Singapore barracks reproduced in a disused hospital, and another Thomas novel will be turned into film soon. The money is coming from Colombia again. And the critics? "They don't matter, bless them," says Smith.

## Here is the news?

A whimsical flavour in a couple of headlines produced elsewhere. My local newspaper declared over an item about soaring rates "Ratepayers to get shock" (only if the charges go down, surely?); and The Times yesterday intoned "Brezhnev visit praised by Pravda" (any likelihood of it being criticised?).

*Observer*

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# FINANCIAL TIMES SURVEY

Tuesday November 30 1976

# CANADA

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**The victory of the separatist Parti Québécois in the Quebec elections does not mean that the French-speaking province must inevitably secede from Canada, but the Trudeau Government has been so weakened by economic and political problems that it will have difficulty in dealing with Quebec's challenge.**

BEC break away ı? Depending on about Canada and d-biggest, most rovince the answer suppose not, but t," or "I suppose no." In the end an genius for mbiguities may ook at a few of intry undoubtedly and has cocked ical snook at its ical masters in -yet it cannot nstitution without ritish Parliament; miniscent of U.S. all times Canada assert an identity ich is a bit more less rough and that of the e Canadian dollar ı thing, floating of its U.S. cousin n slot machines lispense goods for

Canadians who under these tradictions, and ore fundamental g them. An out- e more inclined ly the ability to day by day has 23m. Canadians, und anglophones, e second biggest world with huge rce climate, and stic market, to for so long and ves a living st up to U.S. other virtues it ı great deal of tolerance, and tolerance will once more be required to cope with the consequences of the electoral victory on November 15 in Quebec of Mr. René Lévesque's separatist Parti Québécois.

Given that tolerance, economic facts, social trends, and a dose of sentiment, the "*Quebec Libre*" invoked by General de Gaulle may yet be realised in a manner which the old warrior had not envisaged. The PQ victory could prove an element *of* liberation not necessarily by bringing about independence, but rather by removing a chip from French shoulders.

## Business

It is less than a generation ago that the French Canadian middle classes emerged into the modern North American managerial scene from an older world of church, law, and the professions. They have begun to occupy business positions in increasing numbers; the *anglos* may still hold the majority of the controlling positions in Quebec business, but that hold is weakening. The French language is pretty well on a par with English in Montreal (elsewhere in Quebec English is rarely heard anyway), except in the board rooms of companies with international or at least Canada-wide ramifications. In other words, the French speaker is no longer condemned to be underdog because he is French. Attitudes could therefore soften — always provided there is time, and provided that English Canada reacts wisely to the new situation.

What that means is that there still is all to play for: Mr. Lévesque, who won the election by soft pedalling separatism, could just find that he is indeed what he undertook to be for a start: another provincial premier.

That is what in its present mood the Province wants him to be. A recent poll showed that only 20 per cent. of the Quebec French want independence, and that not even the majority of the PQ voters are in favour. Mr. Lévesque has promised not to move unless a referendum in two or three years' time produces a separatist majority. It may never do so—even though the PQ victory will set up its own dynamic.

But it is altogether too glib to conclude that nothing has been changed by the election. Only the future can show whether present Canadian structures are maintained, even with a spending up of the Canada-wide drift towards more provincial and less central authority; whether Quebec will separate; or whether there will be a hybrid solution. An association has been proposed between Quebec and Canada—a concept which will need defining; Mr. Lévesque himself has spoken of a Common Market. That, too, would need defining. But one thing is clear: Quebec would have difficulties if it were deprived of the $1bn. gross which it gets in equalisation payments from the federal Treasury, or of the easy access it has to Wall Street.

| BASIC STATISTICS | | | |
|---|---|---|---|
| Area | 3.9m. sq. miles | Trade (1975) | |
| Population | 22.8m. | Imports | $37.0bn. |
| GNP | $161bn. | Exports | $34.4bn. |
| Per capita | $7,281 | Imports from U.K. | £538m. |
| Currency | £1=Can.$1.69 | Exports to U.K. | £856m. |

As it happens the equalisation system for transferring some federal tax revenue to the poorer provinces is about to be renegotiated. Mr. Lévesque has said that he will fight for every cent, which heralds a goodly battle, but also implies an acceptance of the federal system for the moment.

Some immediate difficulties may arise not from Quebec but from the rest of Canada and from the present weakness of the federal Liberal Government of Mr. Pierre-Elliott Trudeau, himself a Quebecker. There always has been a school of thought among English Canadians that Quebec is an expensive nuisance, and these people may now growl "good riddance." They, but not they alone, have reduced the Trudeau Government to a low point in popular favour: in a poll in the summer only 29 per cent. were found to approve of it.

Moreover, more than half the Liberal MPs in Ottawa are from Quebec. So Mr. Trudeau has an uncomfortable base from which to deal with Mr. Lévesque. His first statements, though blandly phrased, were uncompromisingly federalist: small wonder since he was originally chosen to lead the Liberals as the guarantor of Canadian unity.

## Bilingual

The methods he chose were an attempt to make the Canadian public service truly bilingual, which went down badly in Western areas remote from Quebec: and a readiness to help Quebec with economic development projects such as the giant Mirabel Airport near Montreal. The world recession disrupted that concept: Quebec has an unemployment ratio of 10 per cent., compared with the Canadian average of 7.6 per cent.

The recession did more: it disrupted business confidence, already shaken by the realisation that Canada does not have unlimited cheap energy, and was accompanied by inflation rates which caused the Trudeau Government, on October 14, 1975, to impose wage and price controls. That was unpopular with both business and the trade unions and sharply reduced Mr. Trudeau's credibility since he had won the 1974 general election on a no controls platform. He has not really recovered from that, even though the inflation rate has come down quite sharply, whether as a result of controls or as a result of the economic climate.

During the argument leading up to controls Mr. Trudeau (who was lukewarm about the idea) lost his Finance Minister, Mr. John Turner (who probably was in favour). Mr. Turner returned to private practice as a lawyer, but does seem to have retained political ambitions. He has made the occasional speech and must be considered the man in the wings. Whether he will emerge is another question.

The official opposition, the Progressive Conservatives (who are almost non-existent in Quebec), already has its new leader in the person of Mr. Joe Clark, elected in the spring to replace the luckless Mr. Stanstead who could do everything except win. Whether Mr. Clark can do better remains to be seen, despite the polls. He has not had the opportunity to make much of an impression so far, though he has avoided the temptation to pander to anti-French sentiment and the resentments against Ottawa which are common in his native West.

The Government has been attempting to cut away some of the ground under Mr. Clark's feet by giving a far more market-orientated impression than it was wont to. The speech from the throne in October hinted at the possibility of returning to the private sector some activities now in Government hands; in August a White Paper on banking (dealt with elsewhere in this survey) proved much less anti-bank than had been expected.

## Devotion

It even is possible that controls will be removed before the intended three-year period has come to an end. Besides, a document has been circulated among people considered to be decision makers which declares the Government's devotion to the market economy subject to safeguards. For something called The Way Ahead it is a bit too imprecise.

The main point it has to make is that Canadian labour relations, which have been rather turbulent, must be made more co-operative and less adversarial. That sounds like a softened version of proposals for "tripartism" that have been around for some time and have been tentatively adopted by the Canadian Labour Congress. The idea, which is controversial even within the CLC, is for a body representative of labour and management, with Government as a chairman and provider of basic information, to try to arrive at agreed proposals for the conduct of economic policies. A small argument is now going on as to whether agreements it reaches should have any force or should merely be recommendations to parliament.

Given the prevalence of classic North American attitudes in most of the unions and in business one cannot give the idea much prospect of success. In any case it is hard to envisage trade unions going along very far towards giving any formal co-operation in a country where lockouts and strike breaking are common practice provided valid collective bargaining agreements have expired. The fact, however, remains that both the Government and Mr. Clark have displayed much interest in German patterns of tripartism (and in the British NEDO).

In the constitutional field, too, Mr. Trudeau has beeng trying to regain the initiative. He has proposed that Canada should take the power to amend its own constitution instead of leaving it at Westminster. In law that would probably require no more than a request from the Canadian Parliament for Westminster to legislate accordingly. But the politics of the matter are very different.

In practice the provinces will have to be asked to agree, and in their present mood they will not do so unless all but the smallest in effect have a right of veto over any future amendments. Quebec's is only the most drastic case: Alberta, too, wants as much independence as it can get, without of course wishing to separate, and can perhaps better afford to be awkward as long as its oil revenues last.

It has been a bit of a puzzle why Mr. Trudeau has raised the constitutional issue: he will be lucky to make much progress. But it does fit his devotion to a united Canada—united as between English and French, and united in being different from the U.S. It was one reason for concluding an agreement for co-operation with the EEC.

Canadian commentators like to say that Canada wants to keep the U.S. at arm's length. But they do not want the Americans any farther away either, and in any case not all arms are the same. If Quebec should want the rest of Canada at arm's length, we may yet find ourselves wondering: "How long is an arm?" After all, even the separatists speak of separation, not of secession.

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B. C. Hallum
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da. One big family. In Britain. In the United States. Chief Ranger, the elected Independent Order of would like to say "being a like being a member of a of families." It's a warm the U.K., Canada and the es. We're proud of our rnity . . . proud of our and satisfaction we get in ers. Others in need. Others fe. Others who need and our help. d of our fraternal benefit exists for our members and ciaries . . . not for profit. l we have well over a ½ nbers in Britain . . . nearly members in North America many more around the world. ture . . . to extend their endship.

It isn't easy being a Forester. Membership is by nomination or invitation. Participation in our life insurance plans is required.
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We're proud of the many worthwhile community projects our members support. Just recently Foresters adopted the Shoreline Programme of the Royal National Lifeboat Institution as their main charity. It was just one of the many national charities Foresters in Britain have adopted. Helping impoverished children in needy parts of the world through the Save the Children Fund . . . giving the blind a second set of eyes through Guide Dogs for the Blind . . . assisting in a new cure for Arterio-Sclerosis through furthering research in the use of Zinc for the aged . . . supporting the Association for Spina Bifida and Hydrocephalus . . . literally scores of charities are being assisted by IOF members in Britain. We are indeed proud of the Forester spirit that motivates this great family of ours.

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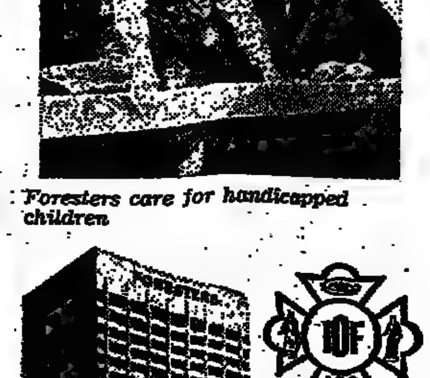
I am proud, as President of The Independent Order of Foresters, to report on the Financial side of our activities too.

| | January 1, 1976 (Conversion Rate) $2.0573 per U/D). |
|---|---|
| Total Assets | £260,020,000* |
| Total Life Insurance In-force | £3,408,124,000 |
| Total New Business issued | £811,190,000 |
| Total Membership | 1,559,586 |
| UNITED KINGDOM | |
| Total In-force | £642,162,000 |
| Total New Business issued | £188,155,000 |
| Membership | 298,672 |

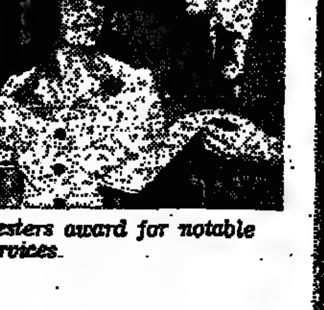
*Based on asset valued in U.S. annual statement (1975)

It's a proud record of growth. We are growing in Canada. We are growing in the United States. And we are growing in the United Kingdom. We're growing because we are a fraternal benefit society . . . people helping people. It's a way of life.

e lifeboat—WAVENEY



Foresters care for handicapped children



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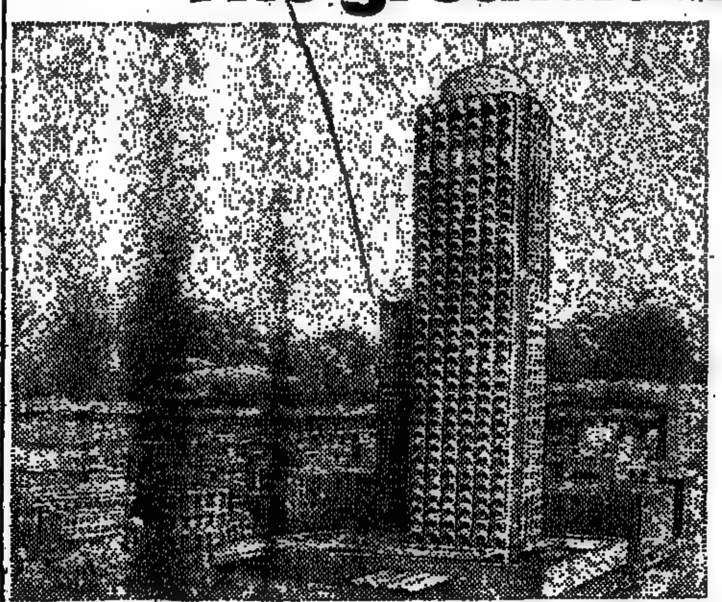

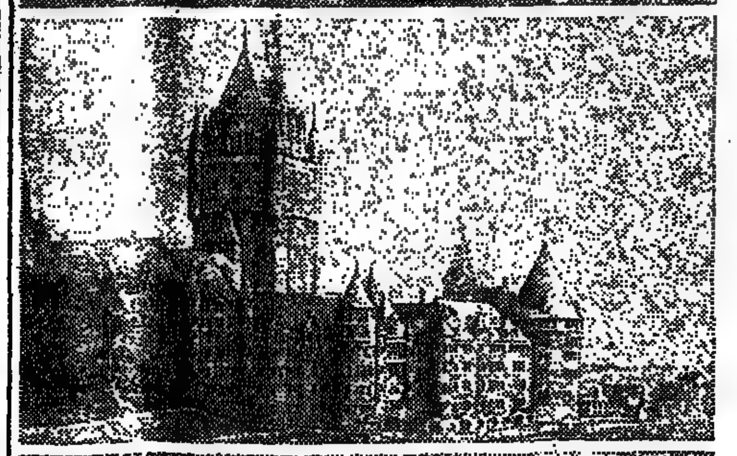

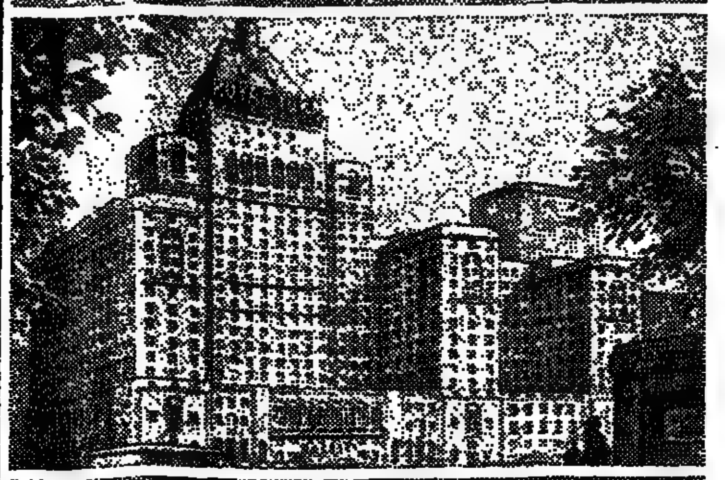

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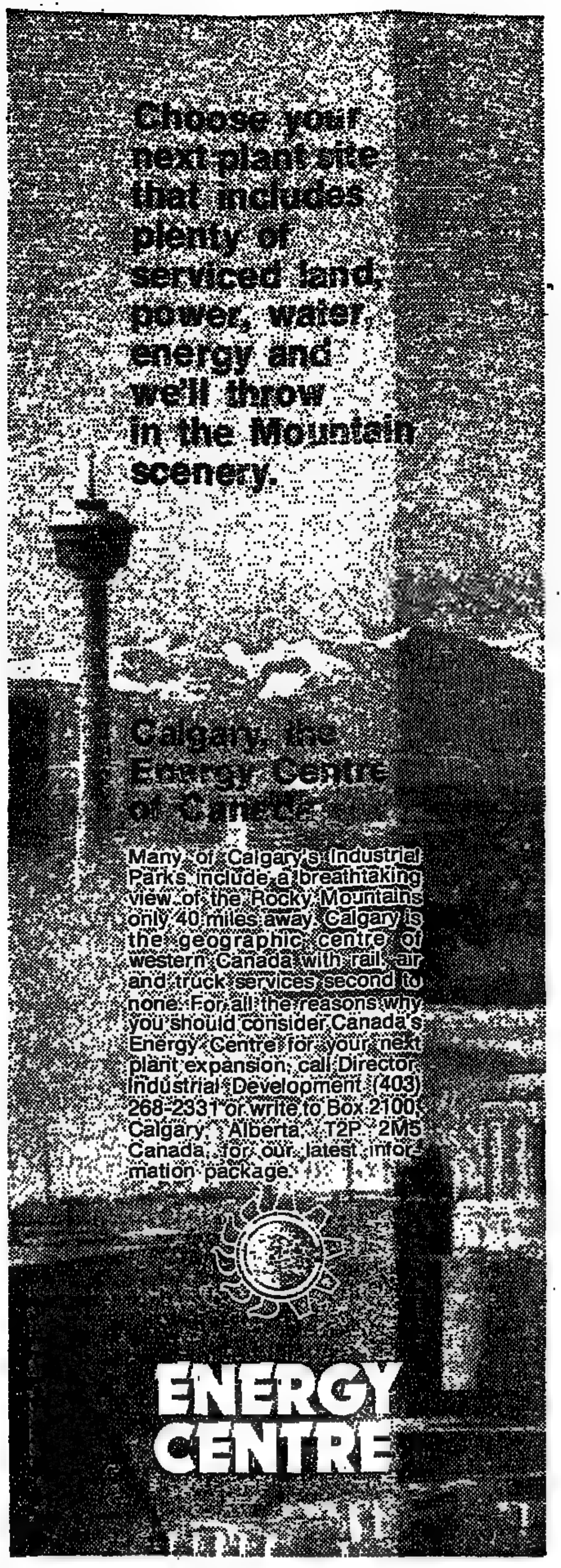



ECONOMY

# A glum recovery

THE CANADIAN economy appears to be well entrenched "in a period of lacklustre recovery"—that is how the president of one of the best known Canadian forecasting agencies summed things up, admittedly before the Quebec elections, put a slightly different slant on many—but by no means all—the elements involved.

The phrase well sums up the widespread glumness at a time when a case can be made out for supposing that, economically, Canada is on the mend after a recessionary phase which in all conscience was not especially severe. If you take personal incomes per head before taxes, their real increase averaged 5.9 per cent. a year in 1970-76. One might add that tax allowances being indexed those figures, cheerful enough in themselves, may look enviable indeed to many people in other countries.

Last year was the worst, yet real personal incomes per head still managed to go ahead by 3.2 per cent. This year's estimate is 5.3 per cent. The research worker who calculated the figures in the C. D. Howe Institute at Montreal was so surprised to discover how well off she was that she had someone check over the figures: they were correct.

The reasons for malaise are numerous, and by no means all confined to the economic sector—even if one leaves Quebec out of account. The programme of controls imposed on October 14, 1975, for instance, conflicts with set attitudes among both labour and management, and though it has demonstrably not been a failure, the evidence is tenuous that this rather than cyclical factors, have served to slow down inflation. These and some other quasi-political matters will be dealt with below. As regards the immediate cyclical position and what people think of it, it is important to realise that, good though the Canadian performance may seem to outsiders, it is below potential.

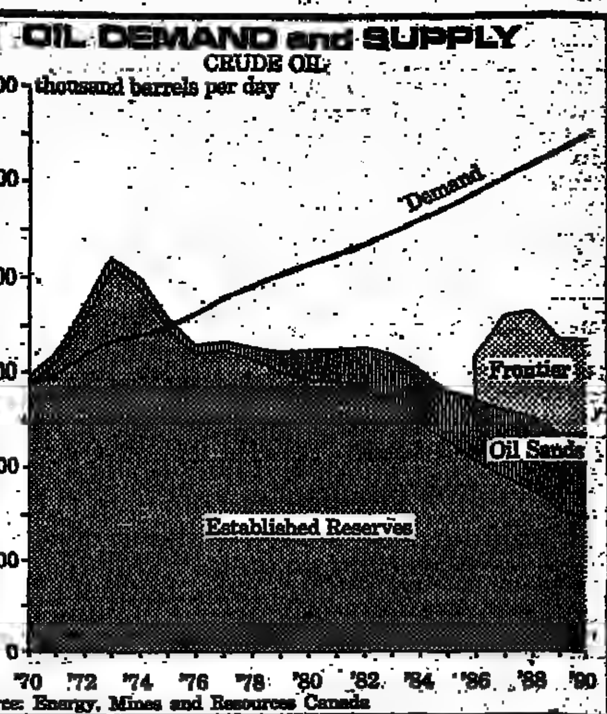
Take the Gross National Product: long term growth potential is thought to be 5.5 per cent. a year. But despite three good years this decade, growth since 1970 has not averaged out quite as high. Last year's growth of 0.6 per cent. was the low point: this year's estimates are slightly below 5 per cent., and those for 1977 are fractionally higher but still below potential.

## Pressure

There is another context in which things, though bad, are nowhere near as bad as they look at first sight: the unemployment ratio in October was 7.6 per cent. (seasonally adjusted), as high as it has been for about 15 years. Yet the number of people in work increased by 1.5 per cent. from October, 1975 to last month, when it reached 9.7m. Canada always has had high unemployment figures by international standards, partly because the population of working age is increasing and will continue to do so for a few more years; partly because of the statistical methods applied.

Nevertheless the unemployment figures are increasing pressure, mainly from the socialist New Democratic Party, for an early stimulus to the economy. It is accepted even within Government that there is enough slack in the economy for some let up of fiscal policy, but as against that it is also argued that it would be unwise to reverse the winding down of inflationary expectations achieved by the wage and price controls in force since October, 1975. When Ottawa has completed its inquest on the victory of the separatist and socialist Parti Québécois in the provincial elections of November 15, choices might be made: the unemployment rate of 10 per cent. in Quebec was one element in the PQ victory.

In the meantime there has been some let up on the monetary side where the Bank of Canada has been holding the fort with sufficient success for the monetary supply (as narrowly defined) to have been growing at an annual rate of less than 7 per cent. since the spring. That compares with a target in the 8-12 per cent. band. Bank rate has been cut from 9½ to 9 per cent., but officers in the bank plainly do not wish Ottawa to switch priorities from fighting inflation to fighting unemployment at the very time when inflation is abating.



Source: Energy, Mines and Resources Canada

It is true that the Consumer Price Index, which a year ago was rising at a rate of 10.5 per cent. per annum, has lately been doing so at 6.5 per cent. and that bank economists expect a further slight slowing down in 1977 on the strength of present data—that is to say unless new policy decisions (or for that matter the Quebec election) change the picture radically. But it is also true that the slowing down has been brought about mainly by cheaper food, which was something of a windfall. Moreover it is outside the purview of the Anti-Inflation Board set up to administer wage and price controls with the aim of slowing down inflation to an annual rate of 4 per cent. in three years while maintaining a growth rate of about 5 per cent.

## Elaborate

Within AIB it is calculated that consumer prices in its purview are now rising at an annual rate of 8 per cent., 2 per cent. less than was the case a year ago. Its powers extend to both profit margins and wages: the former, by an elaborate system of checks and powers to cut prices, are to be kept to 95 per cent. of their levels of 1974-75, or a five-year period up to 1974-75, at the choice of the business involved; the latter are to be kept to an 8 per cent. guideline in 1976-77.

Many exceptions are provided for, but there have also been cases where AIB has ordered the partial reversal of rises granted in free collective bargaining. AIB reckons that it is responsible for about 3 per cent. of the decline of current wage increases from 21 per cent. a year ago to 13 per cent. in April-June, 1976. That is a contention that cannot be proved: many economists look for the real causes in the general economic climate: but even they would admit that to abandon controls now prematurely could give a new lease on life to inflationary expectations.

Economic arguments apart, there is no denying that the entire system of controls has been damned book, bell and candle by both business and labour, because of their interests and set attitudes, but also because of the sheer nuisance involved: guidelines for profit margins have been thrice revised within the AIB's one year of existence and to this day, for instance, the banks do not know what profit margins they will be allowed for the year of account ended on October 31.

Regardless of the argument about who has suffered most from controls, one of the most important figures to watch is the amount by which Canadian wage settlements differ from those in the U.S. After running way ahead, Canadian settlements may have dipped below those in the U.S. in the third quarter. It was high time for that to happen: because of the smallness of the Canadian market and because of a labour scene that has reminded some Canadians of Italy or Britain, productivity in Canadian manufacturing industry is well below that in the U.S.—a study made in 1974 arrived at a margin of 21 per cent. Yet Canadian wages often are above those in the U.S. Given a quarter share of exports in GNP, and a two-thirds share of the U.S. in Canadian merchandise exports and imports, that is not a comfortable position.

It would be untenable if exports of raw materials and energy did not normally put the visible trade balance into surplus. The fact that it was in deficit in 1975 and much of this year was rightly considered a danger. There is much relief that since mid-1976 surplus has once again been achieved even though it is not certain that it can be maintained unless the U.S. economy lives up to the less pessimistic forecasts. For the moment, however, there is a reasonable chance that the deficit on current account of C$5bn. will be reduced this year by C$1bn. at most.

About $2bn. in net outflows for dividends and interest last year go a long way towards explaining that deficit. It is capital imports that have been keeping Canada in balance traditionally. Shifts within the capital account are therefore worth noting: since 1975 Canada has been a net exporter of direct investment, though the amounts are not great. Manufacturing costs are an obvious explanation. On the other hand imports of indirect investment capital, mainly in the form of loans raised by provincial governments and the power and energy corporations, have grown by leaps and bounds from $4.7bn. net in 1975 to an estimated $7bn. this year, with plenty more in the pipeline for next year. Together with short-term interest arbitrage that explains why the Canadian dollar was strong until the Quebec election knocked it hard. It may not recover much before well into 1977.

## Estimate

But if one adds to that the estimate that Canada will become a net oil importer to the tune of $5bn. (in 1975 purchasing power) by 1985, before new sources of oil in remote regions reverse the trend away from Canada's erstwhile self-sufficiency, the equilibrium of the Canadian balance of payments does look a bit unstable. Some Canadians already are afraid that they may be "overborrowed."

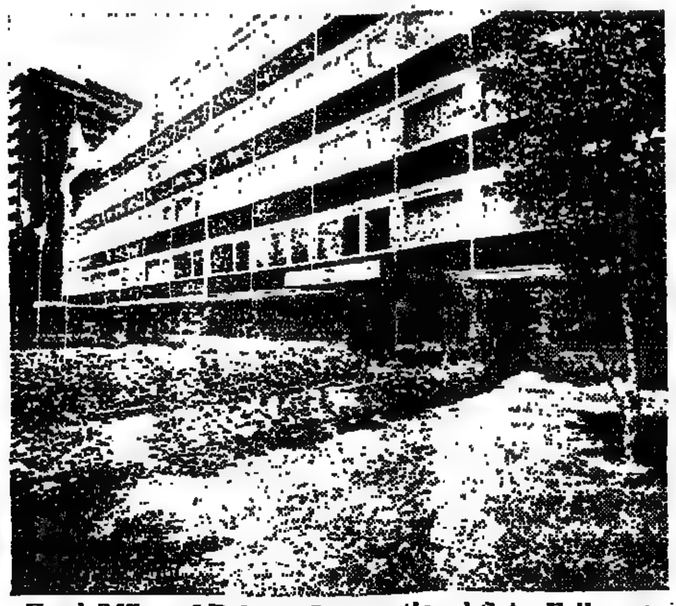
But that does not alter the fact that pressure is rising from the business world against pursuing too firmly two policies dear to pre-recession and pre-PQ Ottawa: the screening of foreign investment unless it is of significant benefit to Canada; and the diversification of exports to reduce Canadian dependence upon sales of raw materials and on the U.S. market. The effect of these policies has in any case been small so far. But new thoughts here, however quiet they are kept, would fit in with the return to more market-oriented economic thinking which is discussed in the introduction to this Survey.

**W. L. Luetkens**


# Polysar–Canadian Partner in European Progress

ESTABLISHED IN 1942 to meet the second world war cut-off of natural rubber supplies, Polysar Limited has developed into a multinational corporation whose petrochemical based businesses embrace 16 plants and 19 offices in 15 countries throughout the world, and minority interests in six other companies.

As well as becoming the world's largest independent supplier of synthetic rubber, Polysar is a major force in the fields of latex, plastics and petrochemicals, and has additional interests in the computer time-sharing industry.


Head Office of Polysar International S.A., Fribourg, Switzerland

At the end of the wartime emergency, however, Polysar was faced with two major challenges. First, its plant was capable of producing three times the maximum possible Canadian demand; and second, acceptance of synthetic rubber by industry was less than enthusiastic.

The company met these challenges by initiating an intensive research and development programme, by enlarging its product line and by launching itself into international sales.

Worldwide exports were opened up through a network of distributors, and the development of a strong technical service organization. In fact, Polysar became the first North American synthetic rubber producer to enter the European market and helped create a demand by providing industry with technical know-how and by showing customers how synthetic rubber could be used to the best advantage.

By the end of the '50s, however, vigorous industrial expansion in Europe led to the establishment of local synthetic rubber producers, as well as to increasing interest on the part of U.S. and Japanese plants seeking export markets.

In this environment, the company made a prodigious effort to stake itself a place in the world of petrochemistry. Location became critical to remaining competitive, so Polysar built new plants at Strasbourg, France in 1962 and at Antwerp, Belgium, a year later. The company also became a partner in


A rubber laboratory inside the Antwerp based Polysar Technical Service Centre N.V.

the construction of a plant in Mexico, based on its own technology, and made its first move into plastics with the acquisition of an established Canadian company.

The coming of the seventies ushered in a new era for the company. A time for broadening the base through specialized diversification. One vigorous


Columns of the Antwerp plant of Polysar Belgium N.V.

thrust has embraced several areas of plastics production and fabricating in Europe, the United States and Canada. Another major development took place in 1974 when Polysar became the senior partner in Petrosar Limited, a giant new petrochemical refinery requiring


Bellaplast Head Office, Wiesbaden, Federal Republic of Germany.

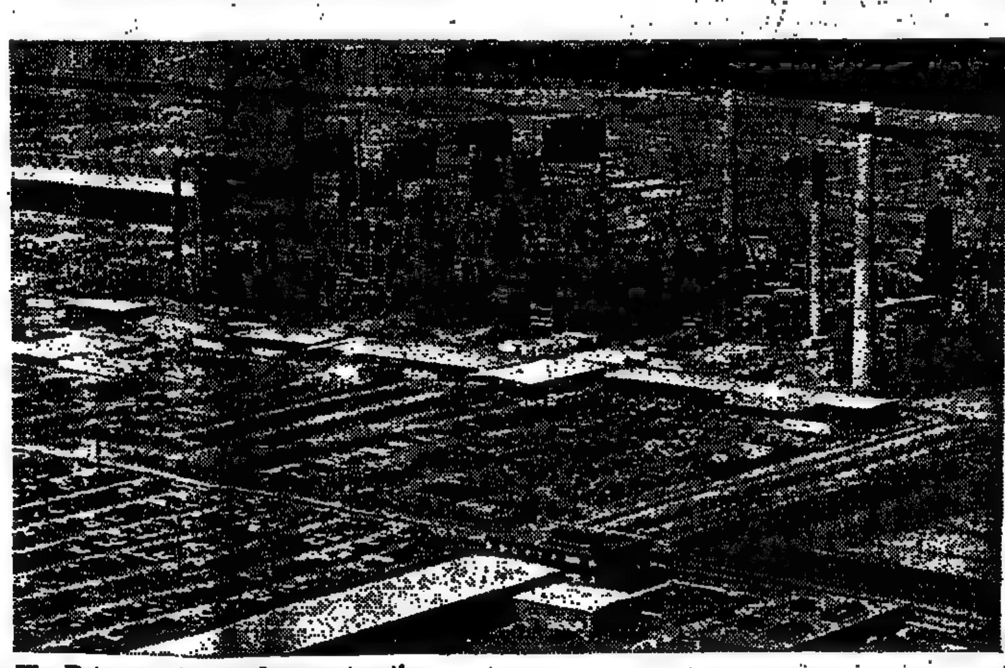
a total investment of hundreds of millions of dollars which is scheduled to provide the partners with competitively priced feedstocks next year.

Downstream from Petrosar, Polysar has under construction a $90 million world-scale styrene plant.

In addition, Polysar technology has been licensed for the construction of synthetic rubber plants in Japan, Turkey and India, as well as Mexico.

Today Polysar has annual sales approaching the $500 million mark. With nearly half of this resulting from European activities, Polysar can justly claim to be a partner in European progress.

Thus, the company's record has been one of challenges met


The Petrosar plant under construction


Part of the Strasbourg plant of Polysar France S.A.

and successful adjustment to changing conditions. And in the future, Polysar's growth will come from the skills and knowledge that have characterized its past—advanced technology ... marketing innovation ... the research and development of new products and applications ... the conception and commercialization of new ideas.

With 16 plants and 19 offices in 15 countries, and representation in over 70, Polysar has the world-wide stature and strength to achieve this growth.

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| | Comshare B.V. | Hague |
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ENERGY

# Action needed

THE CANADIAN petroleum industry is preparing to undertake some of the most significant national projects in the history of Canada as part of the Federal Government's plan for energy self-reliance — the construction of two or more pipelines to tap the billions of barrels of oil and trillions of cubic feet of natural gas believed to exist in the Canadian Arctic mainland and the Arctic Islands.

These pipelines, possibly two along the Mackenzie River valley in the north-west to carry oil and gas from the Arctic mainland and possibly more from Prudhoe Bay in Alaska, and another in the east through Manitoba and Ontario or Quebec to connect with the Arctic Islands, could ensure to Canadians a more balanced economy and a domestic prosperity second to none in the industrialised world.

Sufficient reserves have not yet been developed as to justify the cost of the projects, but the indications are that they will have been established by the time the pipelines can be completed a few years hence, if a decision is made to proceed soon.

Hearings into the environmental aspects—how they will affect the lives of the native people in the northern regions and who should be permitted to build them—are nearing completion. Decisions should be forthcoming next year. The cost has been estimated at up to $20bn. and the price for the oil and gas at delivery points in southern Canada will be high.

## Dwindling

But Canadians probably have more at risk as the result of dwindling low-cost domestic energy supplies than any people in any other nation. The emphasis on oil and gas stems from the fact that about three-quarters of the energy consumed in Canada is derived from these fuels.

Canada has the highest per capita primary energy consumption of any major industrialised country in the Western world; and the outlook is that Canadians depending on domestic oil and gas supplies will not have their requirements met after 1980 unless reserves are developed in the inhospitable frontier regions.

In terms of international trade Canada, which is now a net importer of oil, will see that dependence grow through the 1980s, and it is unlikely that production from the frontier regions can resolve the situation in the time frame of projections between 1977 and 1985. However, in the longer term, frontier production could play a major role in meeting Canada's future energy requirements.

Projections by the major oil companies show that Canada is on the brink of multi-million dollar trouble in its supply of oil. The implications in the latest estimates of future supply are alarming and mean that two things should be done in a hurry.

As quick a start as possible should be made to build natural gas pipelines from the Arctic, and it is imperative that planning for additions to production from the huge but desperately expensive Athabasca oil sands be started immediately. In the long-term, the Athabasca and other Alberta oil sands must be looked on as having major potential, although both share many of the same problems of high costs, environmental damage, and the need for advanced technology.

The line-up of would-be oil sands developers has melted away almost completely. Some research is continuing but much has been shelved. Instead of the 1m. barrels a day of oil sands production once expected in the mid-1980s, the industry leaders see it — maybe — at about 600,000 barrels. One of the majors will predict nothing beyond 180,000 barrels daily from the only existing oil sands producer, Great Canadian Oil

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# New ground rules

the iceberg: that $5bn. would be closer to the mark if you include all foreign-owned financial institutions including representative offices which are not incorporated under Canadian law and act as extensions of their home companies.

The White Paper says that about 120 Canadian corporations have been identified in which foreign banks have an equity interest: about half are U.S. banks and the rest, except for seven, are from EEC countries. It also says that Canadian banks are active abroad in about 60 countries through 258 branches, 11 agencies and 48 controlled subsidiaries. That lends point to the proposal in the White Paper that a foreign bank will not normally be incorporated in Canada unless equally favourable treatment is available to Canadian banks in the country of the parent bank.

The reaction of the Canadian banks themselves to the proposal to allow foreign banks has varied according to the structure of their own business: those active abroad have seized upon reciprocity as a desirable goal; some others do not relish the idea of enhanced U.S. competition in their own backyards, given the high degree of U.S. ownership of Canadian business.

The White Paper proposes a limit of 15 per cent. upon the market share in commercial lending to be conceded to foreign banks in Canada, without saying how that objective is to be achieved. The rest of the rules are much more explicit.

For a start, foreign institutions extending loans and accepting transferable deposits will have to apply for recognition as a bank, which will be granted by executive action rather than by the complicated process of legislation now required. Furthermore, without that recognition a foreign bank's affiliate will not be allowed to borrow with the guarantee of its parent. That means in practice that such an institution refinancing itself by notes issued in Canada (which account for two-thirds of the liabilities of foreign institutions covered in the Bank of Canada statistics) will have to apply for bank status.

Be that as it may be, the proposals will squeeze at least 30 established foreign "near-banks" into applying for status as a bank. When they get it, they will be restricted to one place of business, though they will be allowed up to five branches. Most of them will probably prefer to remain fairly invisible, far above ground floor offices, since they are not interested in retail business.

Other limitations are proposed: half the Board must be Canadian (which may already be the case anyway); authorised capital will have to be at least $5m., and at most $250m., and liabilities will not be allowed to exceed authorised capital by more than 20 times. The Canadian banks work on a much higher gearing. Foreign banks, too, can get out of this restriction by running down the foreign stake in their equity to 10 per cent. That should, in practice, be adequate to ensure control.

## Consolation

In addition, foreign banks with a Canadian banking affiliate will not be allowed any other financial affiliates in Canada. There is one consolation: the White Paper will allow them to retain their existing leasing business, since Charter Banks are to be allowed to add this line to their activities. It has been estimated that 80 per cent. of the financial leasing in Canada has fallen into the hands of foreign "near banks." But the consolation is small indeed: a recent revision of tax law has taken much of the profitability out of financial leasing.

None the less it has come as a surprise that Ottawa has been willing to extend the privileges of Charter Banks at all: in the spring the feeling was widely anti-bank, but as in some other matters the Government here too has become a bit more conservative in recent months. A revision of reserve requirements, for instance, should help to improve bank profits at least marginally (though this is one instance where the legislation could differ from the White Paper), and Ottawa has also accepted the view that near-banks, such as trust companies or co-operative credit unions wishing to join in the clearing system will have to deposit minimum reserves with the Bank of Canada directly, or through an intermediary. The Trust companies are up in arms against this proposal.

It could also lead to a row with the provincial governments, under whose supervision trust companies operate. There is an unmistakable centralist element in the White Paper, which runs counter to the centripetal forces that have characterised the Canadian state for many years. Some provinces have already protested, even though there is little, in law, that they can do to hold up the banking proposals and even though they are offered a sweetener. The White Paper proposes to let provincial governments hold 25 per cent. of a new Chartered Bank for ten years, and 10 per cent. thereafter—another proposal designed to open up banking proper to new entrants. Interest in this concession exists in the West, where Alberta is trying to become a money market in rivalry with Toronto, and where the prairie Governments believe that banks of their own will help with local development.

The instrument which in practice will increase centralised control is the Canadian Payments Association, to be founded under the proposals of the White Paper to supplant the clearing system run by the Chartered Banks. It is proposed that all institutions accepting deposits transferrable by order will have to join, though the reserves they will have to deposit with the Bank of Canada for the privilege will vary according to the nature of their business.

The impact upon the varying financial institutions will therefore also vary, though by and large the competitive position of the trust companies (aggregate total assets $16bn.) vis-a-vis the banks will probably be impaired: they will for the first time have to maintain reserves with the central bank, while the reserves of the banks will probably be marginally reduced.

The Canadian Payments Association will become the precursor of a much further reaching electronic payments system (Electronic Funds Transfer System or EFTS), with refinements such as terminals in supermarkets which, upon the insertion of the customer's plastic card, would automatically transfer the amount of his bill from his own account, wherever it may be, to that of the retailer. There is a view that EFTS when it arrives, maybe in ten years' time, will do away with the advantage that the Chartered Banks have enjoyed in Canada on the strength of a branch system spread across the huge country on the British model.

That is not universally accepted. Unlike the cheque and unlike the credit card which it will resemble in appearance, the electronic transfer card will debit payments instantly to customers' accounts, depriving them of a limited but useful period of free credit extended under the present system.

It is possible to detect in the White Paper proposals a slight tendency towards a less compartmentalised financial system under slightly enhanced central government powers. But the shifts are only small in terms of the system, whatever they do to marginal competitive strength. Thus everyone will have to maintain minimum reserves. Chartered Banks will be allowed to extend into leasing and factoring and the like. But they will be denied fiduciary powers, which are the preserve of the trusts, and their right to partake in securities business will be further circumscribed. The White Paper does not really portend a revolution such as that of the 1967 reform which began the era of personal loans from Chartered Banks. What will be new is the foreign-owned Canadian bank—and even it already exists, albeit under other names.

**W.L.L.**

on

ENERGY

CONTINUED FROM PREVIOUS PAGE

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source, has really only started. Because of the short season when work is possible the cost is enormous. For nine months of the year the Beaufort Sea in the Western Arctic is covered with a heavy layer of ice. Along the coast the ice is six to seven feet thick, and it extends out to a water depth of 50 feet. Beyond the coastal area, where the north winds force the polar ice against the shore-fast ice, huge pressure ridges rise to 40 feet above sea level and scour the sea floor even in 100 feet of water.

While the industry sees the main hope for new petroleum supplies in the frontier areas, it is not neglecting the traditional western areas. It is continuing the record-breaking exploratory efforts it began about a year ago, mainly in Alberta, spurred by the higher wellhead prices for crude oil and natural gas, although these prices are still held by the federal Government at levels 25 per cent. or more below the world prices. Some new pools have been found at deeper horizons than previously explored, but nothing of major consequence.

## Resources

The other quarter of Canada's energy consumption is based on hydroelectric power, coal and uranium. As far as hydroelectric power is concerned, there are still significant resources to be developed, but they are far from demand centres and at the moment are too expensive to develop. In any event, the amount of energy they could supply would be miniscule in terms of overall Canadian consumption.

After years of neglect, coal is coming back into fashion. Long dormant coal mines in Nova Scotia are being re-examined by the government of that province to determine whether production can be resumed. But it is in the West that the bulk of coal deposits lie. The National Energy Board has concluded that proved reserves are 10bn. tons, which could sustain current production rates of 26m. tons a year for more than 300 years. Most of the coal mined is exported to Japan, but arrangements have been made to bring more mines into production to start serving the heavily industrialised province of Ontario.

In the period until 1980, the growth of coal production is expected to be devoted mainly to new coal-fired power stations intended to come on stream in Alberta and Saskatchewan burning sub-bituminous coal and lignite. Coal policies, the availability of skilled labour, capital requirements and improved transportation services will be major elements determining future coal development. Production is expected to increase to approximately 40m. tons in 1980 and to more than double that in 1985.

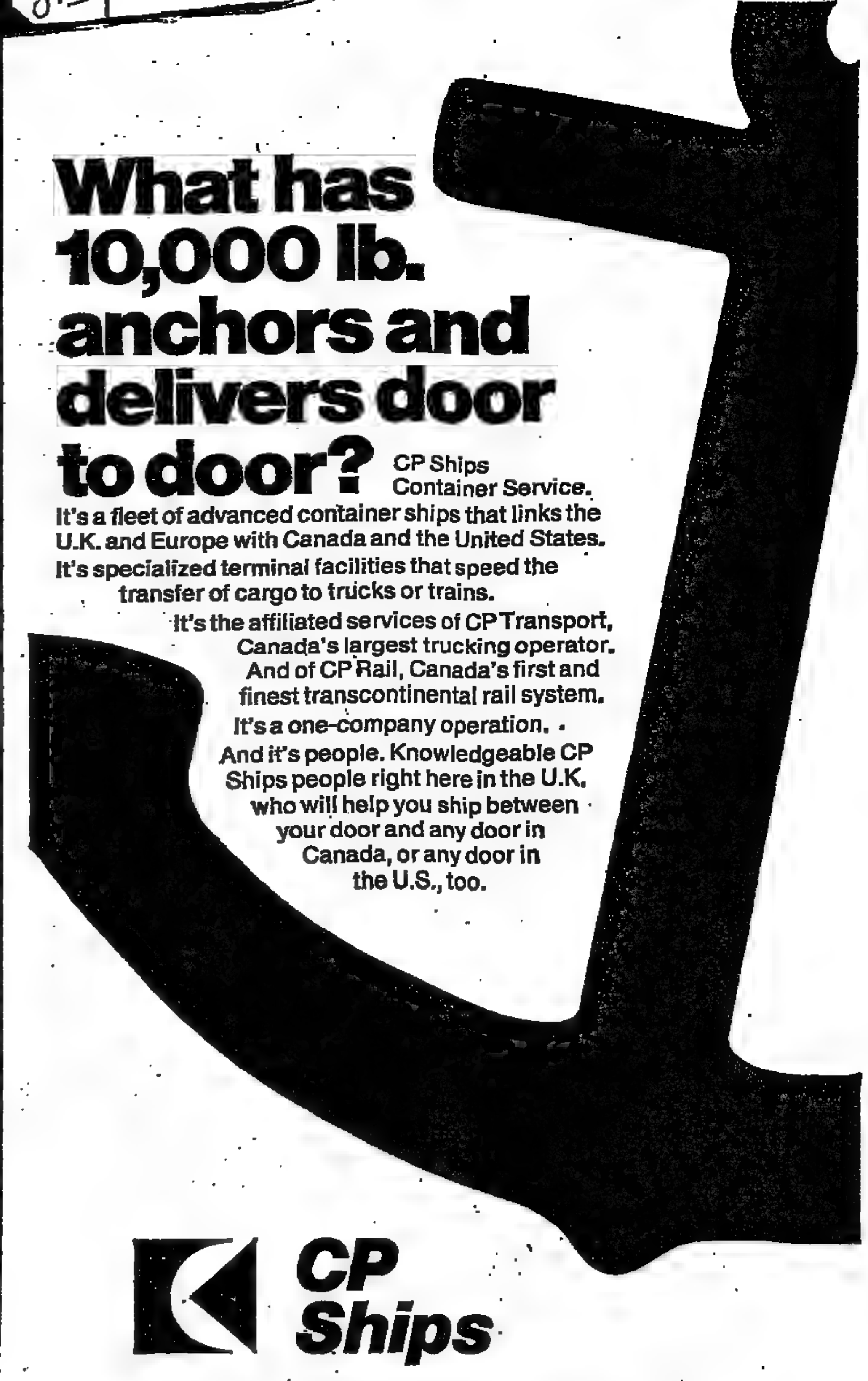
Domestic use of nuclear power is growing more slowly, but still expanding. Uranium reserves are among the largest in the non-Communist world. The promise of cheap nuclear power after the fivefold increase in world oil prices was based on the assumption that nuclear power generating costs would remain relatively stable and would not rise as quickly as costs for fossil-fuelled generating plants.

Those charged with putting major capital facilities in place, however, are finding it increasingly difficult to reach decisions and to obtain money to meet rapidly escalating costs. Many utilities have been looking at the conventional alternative of coal as well as the less conventional choices of energy generation such as solar power upon which the world of the future may rely.

However, the rapidly rising costs of all aspects of nuclear power will not necessarily impair its future. Increasing demand well into the next century is expected.

With very significant reserves of coal and uranium, there is little worry about in this area of the energy picture. The real worry is about oil and natural gas. With the possibility that the Arctic's energy will remain locked in somewhat longer than southern Canada might prefer, the alternative most likely to be immediately effective is conservation. The chairman of the energy committee of the Science Council of Canada believes that Canadians can reduce the projected energy demand for the year 2000 by about 15 per cent. to 20 per cent. without sacrificing comfort and without adversely affecting the economic system.

**James Scott**
*Toronto Correspondent*



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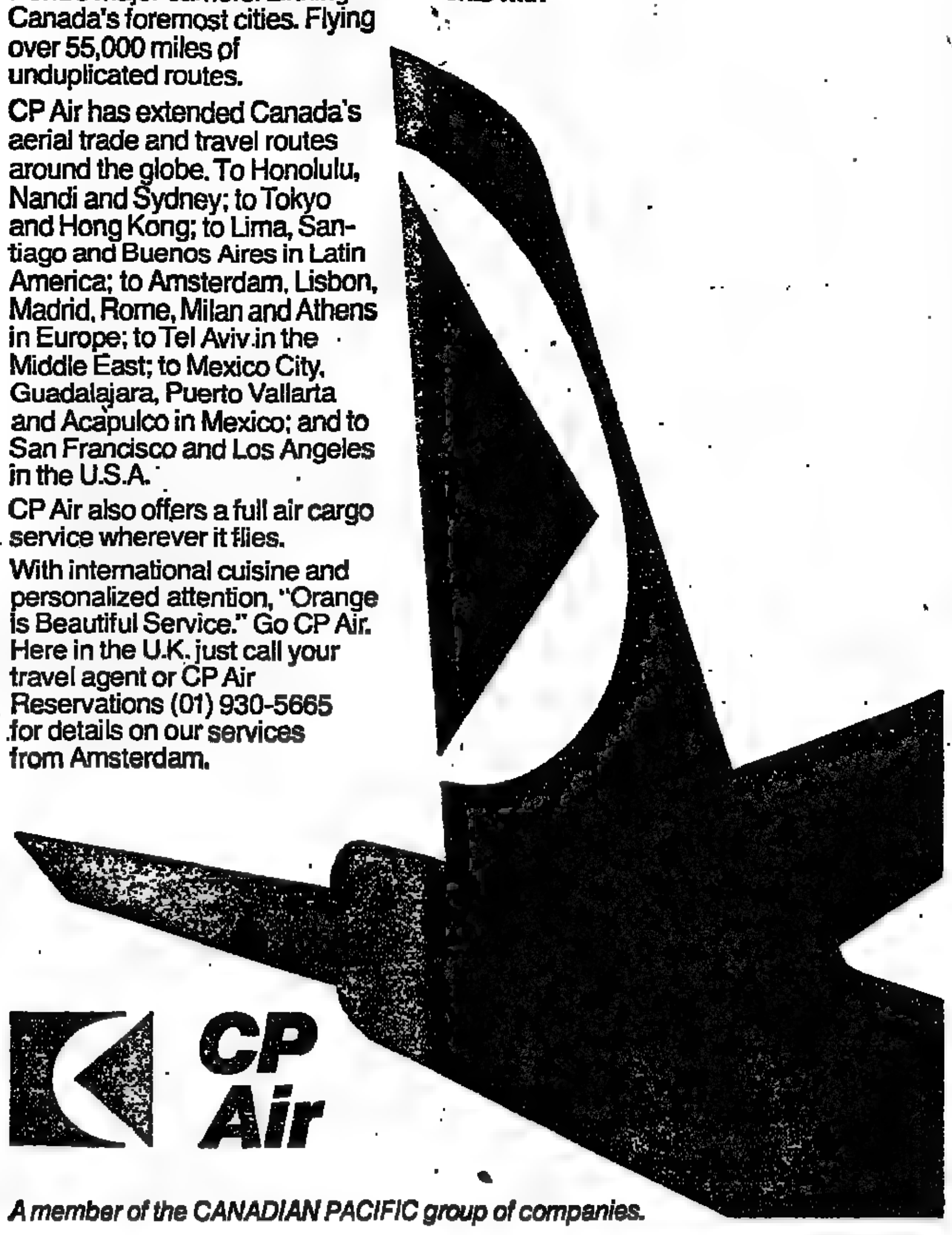

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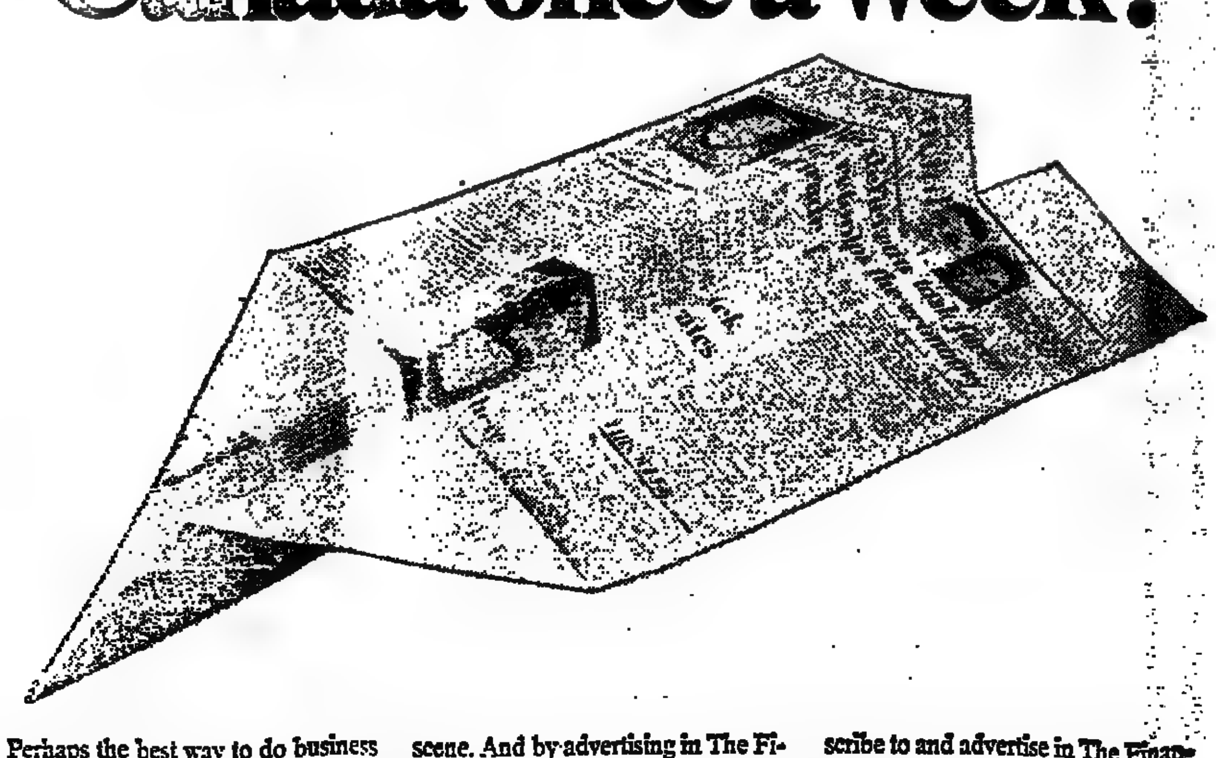

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FISHING

CANADA V

# New zone may help

CANADA'S FISHERIES Minister Mr. Romeo Leblanc refused in a recent speech to make what he described as "another lament" for the industry. With trawlers tied up because quota limits for the year have already been filled, processing plants operating at as little as 30 per cent. of capacity and fish companies losing money despite upwards of $100m. in Federal financial assistance, the temptation was great. Mr. Leblanc preferred, however, to take an optimistic view. By necessity it was long range.

Despite its present difficulties there are indeed reasons for optimism for an industry which is a major employment and revenue factor for all four of the Atlantic provinces and for parts of Quebec.

The reason is Canada's adoption next month of a 200 mile fisheries zone and the eventual total management of the resource. Until the end of 1977 the International Commission for the Northwest Atlantic Fishery (ICNAF) will continue to determine quota limits and the organisation will continue to be an important source of scientific data from which Canada will ultimately get its own quotas.

Canada has stressed that its aim is not to exclude all other countries from the 630,000 square miles of ocean contained within the 200 mile zone, all fish deemed surplus to Canada's fishing capacity will be shared with other nations. But because its total landings have been greatly reduced in recent years because of the over exploitation of stocks by foreign nations, about 20 per cent. more of the total allowable take will be directed to Canadian fishermen over the next three years.

This means that about half of the fishing in this vast expanse of ocean will be done by Canadians. The effect should be to increase the value of annual landings by about $60m. and to move Canada from seventeenth to fifth place among the world's fishing nations. In terms of exports it should move it from third to first place.

Paradoxically, however, the east coast industry will be doing so with what in absolute terms is a smaller amount of fish than it caught four or five years ago. The entire quota for all nations fishing in the Northwest Atlantic in the coming year will be under 650,000 tonnes. Only a few years ago Canada caught over a million tonnes.

## Persuaded

Fears that stocks of such traditionally fished species as cod, haddock, halibut and redfish might become irrevocably diminished finally persuaded the Trudeau Government to announce its intended adoption of the 200 mile zone. Most scientists believe that regeneration will be possible. But it will be five to ten years before the damage of the last 15 to 20 years has been repaired, they think. By that time, a Fisheries Department official here said recently, a threefold increase in landings may be possible on an annually sustainable basis.

Getting to that position, however, will mean a drastic reduction of current catches. For 1977 most quotas are being reduced by at least one third and if some Canadian fisheries biologists had their way a total ban would be placed on the landings of some particularly underpopulated species like cod, halibut and redfish. While they will be getting almost 50 per cent. of the total allowable take, Canadian fishermen will also be making major sacrifices, Mr. Leblanc's officials say, in contributing to the general conservation effort.

"I think the rest of the world should know this. After all, it wasn't our fishermen that got us into this mess in the first place."

The rewards for restraint are proving, however, to be considerable. Canada has enforced a seasonal ban on landings of such fish as haddock within its existing territorial waters for the past five years. The results are beginning to show themselves in an increase in the fish population in areas that were largely barren.

This year's inshore haddock fishery along Nova Scotia's southwest shore has been particularly good. And Newfoundland's inshore fishermen have been getting similarly good catches of cod. If such trends are maintained, areas like George's Bank south of Nova Scotia could be producing up to 40,000 tons of haddock ten years from now. To-day the annual quota limit is 14,000 tons.

While individual species seem capable of successful replenishment, Canadian scientists are worried about the ecological problems that could arise from so massive a disturbance in the balance of the fish population. Both the Federal Government and the various coastal provinces that are greatly stepping up their individual fishery involvements, feel a much greater scientific effort must be directed to fishery management. Both government and industry recognise that it will be at least three to five years before the present potential crisis facing the fishery is overcome. In the meantime, the Canadian industry will be seeking to maximise its effectiveness by fishing for traditional species in non-traditional waters and by fishing for non-traditional species in traditional waters.

## Distant

Canadians are already casting their nets in much more distant waters. With Federal encouragement, some now extend their trawler operations to the Hamilton Bank off Labrador and even much further afield to the southern coast of Greenland. To be fully effective, such distant water fishing will need the introduction of ice strengthened freezer trawlers. With so much fish so close to home ports, Canadians have never needed such expensive vessels before.

People like Mr. Dennis Munroe, President of Fishery Products of St. John's, Newfoundland's largest fish company, don't think that the economics of a large scale entry into this type of fishing can be justified.

It's a point that will be increasingly debated among larger fishing companies over the next year or so. One thing is certain, however. Canada will need to replace and expand its existing trawler fleet in the early 1980s to take advantage of the regenerated stocks.

Mr. Ian Langlands, Vice-President of Development for National Sea Products [illegible] Halifax, says that half [illegible] present fleet of 250 [illegible] vessels of 150 feet or mo[illegible] the east coast will be ob[illegible] by 1985. As many as 400 [illegible] boats will be needed at [illegible] of between 20 and 30 new [illegible] a year. "I am en[illegible] optimistic about the future," [illegible] said. "My main criticism is [illegible] a lot of people, particular[illegible] Government, are too conce[illegible] with to-day's problems to [illegible] the opportunities that are al[illegible] of us. To hear them talk, [illegible] wouldn't think that we [illegible] about to add a million squ[illegible] miles to Canada's ocean [illegible] sources."

The ocean territory that [illegible] Langlands referred to inclu[illegible] sections of the Arctic. Not [illegible] the challenges arising from [illegible] present situation confront [illegible] fishermen. The processing [illegible] dustry must also adapt. The [illegible] dustry has recently be[illegible] encouraged to catch unac[illegible] tomed species of fish. Th[illegible] hasn't posed problems at s[illegible] but it has ashore. Skinning [illegible] grenadier, a deepwater fi[illegible] previously caught mostly by th[illegible] Russians, is rather like skinnin[illegible] a rhinoceros, according to M[illegible] Munroe. But Canadian plant[illegible] are learning to cope.

With landings so drastically reduced, almost any fish [illegible] welcome at some plants. To improve plant utilisation Canada is entering into discussions with several nations for short-term bilateral agreements allowing for fish to be landed and processed at Canadian plants.

Some limited landings have already taken place and more will begin early next year.

Canada is, however, taking a very cautious attitude to such arrangements and it will insist that nothing should be done to disrupt North American markets. Despite the fact that turkey meat was selling in the United States this year for about a third of the price of fish, prices generally remained strong and demand good. This happy circumstance is unlikely to last, however. Fish companies say there are already signs of price weaknesses developing and this could put a further crimp on profits next year.

**Lyndon Watkin**

MINING

# Structural quarrels continue

CANADA HAS been noisily debating for three or four years just how large and important its mining industry should be. Incredulous as many outsiders may be, that debate is still not over, though governments have decided they cannot afford to see the industry decline any further.

The energy crisis and Canada's wide merchandise trade deficit, recession and recurring high unemployment rates in some parts of the country, have combined to bring saner counsels at federal and provincial government levels. Environmentalists and theorists are coming to see that compromises have to be made in the real world—especially when metal prices are no longer making new highs.

Nothing is ever certain in the Canadian mining industry. Even when it was in the throes of depression last year, with low prices internationally, the tax quarrel between some provinces and the federal Government still unresolved, the greatest staking boom in Saskatchewan was getting under way since the uranium rush of the 1950s. Again it was for uranium, to the east and south-east of Lake Athabasca, and it is far from over.

And this was the province which earlier this year passed legislation to nationalise the potash mines and bought Duval Corporation's potash producer as the first step for several hundred million dollars.

The Americans put it quite simply. The mining industry, they say, accounts for only 1 per cent. of American GNP, but the industry's output of ores and metals directly affects 40 per cent. of GNP. Therefore environmental concerns, though valid, must be related to general economic needs.

In the past few months, Canada has been moving generally towards the same position. Its current account deficit this year may reach around $5bn., for the second year running. This is partly due to the Western world's recession, partly to the rising cost of oil imports.

## Mainstay

The federal Government, having established the rules of the game that Canadian needs to 1990 must be assured first and that the degree of foreign control must be reduced, has few regrets that hundreds of companies from small exploration syndicates to the mighty Imperial Oil (Exxon) are scouring the great Canadian Shield from the Labrador Coast through Northern Manitoba and Saskatchewan and the North-West Territories to the British Columbia Cordillera for uranium.

Mining in Canada (excluding hydrocarbon) represents about 4½ per cent. of GNP, about 1.2 per cent. of total employment, invests about $2bn. a year on average, produces around 20 per cent. of export earnings and is the mainstay of scores of communities in remote and northern areas, besides cities such as Sudbury and Trail, B.C.

Half the output is sold to the U.S., and Japan has recently displaced the U.K. as the second largest customer. Canada's mining industry is usually taken as the world's third largest, after the U.S. and the Soviet Union, and is technically advanced.

Yet although Quebec and Ontario have tried to go on fostering mining development, the industry has been going through its worst postwar crisis of confidence. The crest came in 1973-1974 when the industry's profits jumped spectacularly following the great world commodity boom.

That coincided with the "corporate rip-off" campaign fostered by the New Democratic Party in Ottawa and the NDP government of David Barrett in British Columbia. The environmentalists joined the battle, and the university theorists argued temptingly that mining could be allowed to run down and resources transferred to build up more efficient manufacturing—a more effective source of jobs in the cities where the population has been concentrating.

The tax battle between certain provinces and the federal Government became bitter at the same time as Ottawa decided in 1974 that provincial taxes and royalties on resource products would not be deductible against federal taxes. The quarrel became a fiasco when Premier Barrett imposed a "super-royalty" tied to international prices when the London Metal Exchange copper price was nearing its peak of the equivalent of $150 a pound.

Premier Barrett fell and the the Bennett government immediately dropped the super-royalty and began to overhaul B.C. mining tax legislation, to promote exploration and investment. For four or five years,

CONTINUED ON NEXT PAGE


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# A test for Mr. Lévesque

CANADIAN myth ıt aside. A political itted in its electoral to separation from Canada won a large . the November 15 tion.

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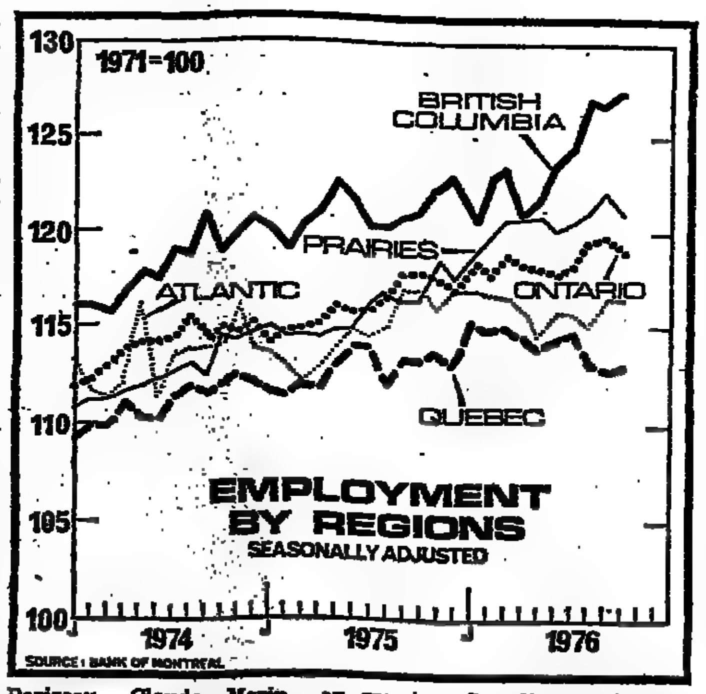
Québécois so soft- paratist option dur- ree-week campaign ifficult to hear. "We n like this," pro- leader, 54-year-old al cabinet minister que, and that was n the lapel buttons vas selling at the its campaign meet- apiece.

gs were calm com- the campaigns in 973, the PQ candi- rate, white-shirts- ds shaven off, can honesty and often . There was emo- e Parti Québécois ded one of the egro theme-song of s "We shall over- the meetings were ll-organised, especi- lous Montreal.

Lévesque, running class Taillon on outh shore, where long strike with t year, won a majority. It was his leader of the PQ. led, he would cer- been ousted as was first elected as ler former Premier in the early 1960s. of the PQ election English Quebec Canada was one of k." No one had PQ to form the nent — though at cy level, the signs t the last moment. esque and his top economist Jacques Parizeau, Claude Morin, an expert in federal-provincial relations, Jacques-Yvan Morin, a constitutional law professor, and Camille Laurin, the phychiatrist, also did not expect to form the next Government.




The first reaction of Prime Minister Pierre Trudeau, summing up the feelings of English Canada, was to say the vote in Quebec was one for better government and against the leadership of Robert Bourassa, the Liberal Premier since 1970. While he would be entirely fair in dealing with Quebec and the new "Pequiste" government, he would fight with all his power against the separatist option.

In his talk to the nation last week Mr. Trudeau said again that Mr. Lévesque had won a mandate to govern Quebec under his reformist programme, but he had no mandate to take Quebec out of confederation.

Both the federal Progressive Conservative and New Democratic Party leaders echoed the same theme, though Mr. Joe Clark for the PC's blamed what had happened in Quebec on Mr. Trudeau's "centralising" policies and suggested his party was committed to recognition of growing Canadian regionalism and a degree of decentralisation.

These were the federal responses to Mr. Lévesque's statement immediately after the election that the PQ Government would operate entirely within the federal system until a referendum on separation could be called within this mandate. Mr. Parizeau and Mr. Lévesque said the first priority would be the Quebec economy.

While the PQ Government is taking a strictly realist approach, assuring investors it is not Socialist-inclined and will govern efficiently and with due regard to the private sector, it is committed to a referendum on separation. This forces Ottawa to re-examine its traditional attitudes towards Quebec and to take possible separation into the equation when it talks airily about renegotiation of taxing and financial joint-agreements with the provinces.

Mr. Lévesque won a tactical victory for separation—although he had muffled the separatist issue so completely during the election campaign. He has caught the flavour of discontent everywhere in the Province with the Bourassa Government's economic management and handling of social and other problems.

Mr. Lévesque was a gracious winner, and Mr. Bourassa a gracious loser. The latter is headed for a senior position in an international agency based in Europe, it is believed.

Mr. Lévesque himself had to beat back a strong challenge from the extreme wing in his own party after the 1973 election—when the PQ won only six seats with over 30 per cent. of the vote. Then the separatist option was high up on the Party's platform. Quebecers were afraid, though Mr. Lévesque himself was popular.

The whole of Canada in the past two years has felt the effects of slow growth, double-digit inflation in food, shelter and fuel, social and labour unrest, and the broader problems of declining productivity, high money costs, capital shortages, and possible balance of payment difficulties.

Quebec was the first province to support the federal Liberals' anti-inflation programme, because the Bourassa government was already locked in a struggle with the leaders of the two union federations. At stake were the wages of over 250,000 public-sector workers, including teachers, nurses and other essential service workers.

The Province could not afford their demands. At the same time, the government had to deal with the $1bn. Olympics fiasco and continued trouble and criminal infiltration in the construction industry. In these circumstances investment had slowed, and job creation fell behind the required level of about 60,000 a year. The universities were restive. Mr. Bourassa's efforts to get consensus government crumbled.

He hesitated and chanced his arm on the controversial bill to make French the official language, until he alienated the immigrant vote in Montreal. Long strikes in the schools and hospitals lost him votes. And he fell out with the top echelon at Hydro-Quebec, the power company which Mr. Lévesque had brought into provincial ownership in the 1960s. The management did not settle a strike until the day before the election.

It was not that the government's economic record was so bad. With the federal Liberal Party, it had pulled the Province out of the terrorist crisis quickly and had matched Ontario's growth until last year's recession. Its record in judicial reform was good and the people were visibly better off. Its style of governing and technocratic attitudes were a handicap.

Business is wary of the PQ Government's programme and its campaign promises for more State intervention and social measures. Business argues the Province cannot afford it. It has tacitly agreed to hold off open criticism for about six months, as long as the government's actions are moderate and concentrate on getting the economy into better shape. The Patronat, the employers' group, says it will be watching carefully.

## Gigantic

Investors from the rest of Canada and the U.S. are following a similar wait-and-see policy. Hydro-Quebec has $1bn. cash on short-term deposit with Canadian and American banks from this year's borrowings totalling $1.6bn., and will be able to keep the gigantic James Bay project going, but soon it must borrow again.

Mr. Lévesque and Mr. Parizeau have said bluntly they are out for all Quebec is due financially from the federal system. They are quietening fears in the senior civil service that big changes are imminent. American investors have an estimated $8-9bn. tied up in Quebec primary and manufacturing industries. They will need to be reassured. Hydro-Quebec has around $4bn. debt outstanding in U.S. dollars. One union group has already warned the government that it will press for better pay and "full socialisation" of the Province.

The PQ still bears the tag of being a middle-class party, even after its success at the grass-roots. The real test will be whether Mr. Lévesque can keep his extremist wing in check and bring the economy back to reduce the present 10 per cent. unemployment rate.

**R. G. Gibbens**
*Montreal Correspondent*

# arrels

CONTINUED FROM PREVIOUS PAGE

major mine got to stage in B.C.—the mine.

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te probable that ed by Rio Tinto- ley a go-ahead on ern Quebec asbes- ent. One problem s health standards the province—the ment may raise these to British and American safety levels. The prospect would cost over $300m.

The key production areas of uranium mining are still around Elliot Lake in Northern Ontario, where both Denison Mines and Rio Algom have programmes together worth several hundred million dollars to expand output and bring old mines back to life again. The uranium mining health issue, which is coming to the fore now in the U.S., is still muffled in Canada—though it could come out into public view in the next year or two.

Noranda's Agnew Lake unit is spending $37m. to bring into production a mine developed several years ago between Elliot Lake and Sudbury, the nickel-copper capital of Canada. There is active exploration in other parts of Ontario and in Quebec from just north of Montreal (where Australia's Pancontinental is interested) through the Saguenay region (where there is a probable future mine), the James Bay territory (hopeful area) to the North Shore of the St. Lawrence near the Labrador border.

## Boom

But northern Saskatchewan is going through its greatest exploration boom since the early 1950s. Hundreds of companies are involved, and some represent British, American, French, German, Spanish and Italian interests, all planning fuel sources for nuclear programmes running into the next century.

The Beaverlodge area was of course Canada's first uranium mining camp—Elliot Lake came in the late 1950s at the height of the Cold War, and then became a ghost town in the 1960s after the Americans dropped their options on Canadian supplies and embargoed all imports even for civil power programmes.

The mines and plants at Beaverlodge are federally owned and are being expanded in a $100m. programme. The Gulf Oil-Uranerz mine at Rabbit Lake east of Lake Athabasca—the first new Canadian uranium mine since the Elliot Lake fiasco of the 1950s—began production last year.

Also last year, a consortium of Uranerz, Inexco of the U.S. and the Saskatchewan government's mining development arm found a major deposit at Key Lake in the same area—this may well become a mine by 1982. Mokta, Péchiney and the French Atomic Energy Commission have a future producer there also. Much of the output will be heading for Europe's nuclear programme. Both Rio and Denison have major contracts to supply Europe and Japan through the mid-Nineties.

The price for new uranium delivery contracts now ranges from $40 up to $60 a pound for the "yellow cake" or uranium oxide. In the next decade, uranium will become a major export item in Canada's trade balance.

The low copper prices this autumn, and the collapse of gold prices in the summer, have cast a cloud over some parts of the mining industry. There are a few small active gold properties waiting stable prices, particularly in the East. The new mining climate in British Columbia has brought new activity to the big Stikine River low-grade copper deposit. But inflation and general economic uncertainty is bound to lengthen the average time to bring new properties to production.

Generally activity in base metals must depend largely on the American and world economy next year—lead, zinc and copper lean heavily on the pace of the world motor industry and housing and commercial development. But asbestos prices have been surprisingly strong for two years, and companies' earnings have shown this. New mines and plants have been brought in in Ontario to bolster the role of Quebec in this market.

The great American iron ore developments in Quebec-Labrador—at Mount Wright and Labrador City and Seven Islands—have been completed for around $1bn. The next project in that area is the $550m. iron mining and pelletizing expansion of a consortium of Sidbec (owned by the Quebec government), British Steel Corporation and U.S. Steel Corporation.

Metal mining in the Maritimes has been depressed, but there is some new activity in coal. Metallurgical coal is shipped out from the West to Japan at the rate of 6-7m. tons a year, and trial shipments of Western coal are being made via the Lakes to the Hamilton steel industry and Ontario-Hydro. This is insurance against problems with Ontario's traditional coal sources in the U.S. and also against higher U.S. prices.

The first Arctic base metals mine has started operations at Strathcona Sound, northwest Baffin Island. A larger zinc mine owned by Cominco on Little Cornwallis is the next most likely development in this vast mineral-rich area.

Generally Canadian mining will enter 1977 with high hopes that the tax nightmare will be relieved, and that the Western economies will survive another oil-price boost and get back to modest and stable growth.

**R. G. Gibbens**

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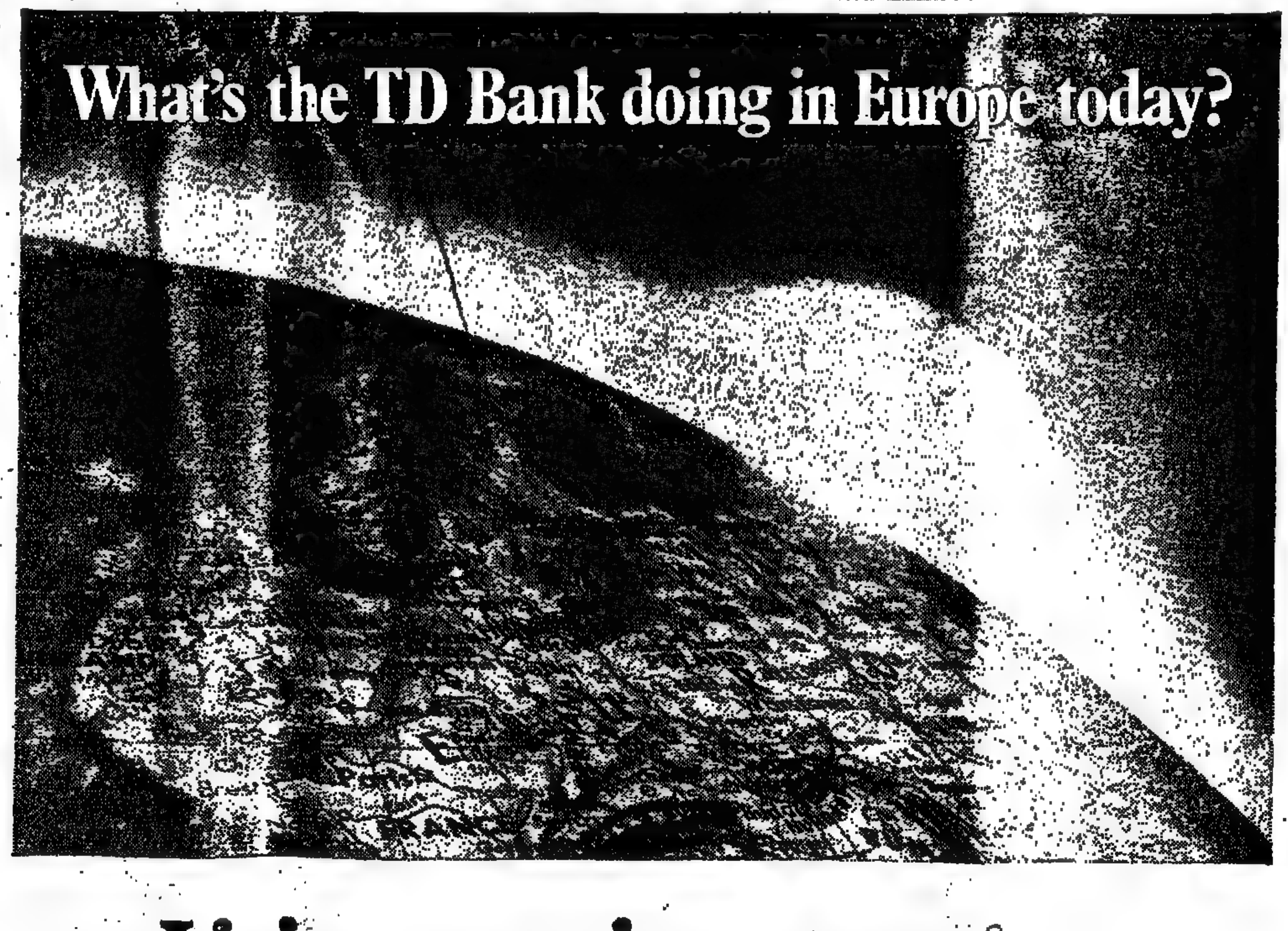


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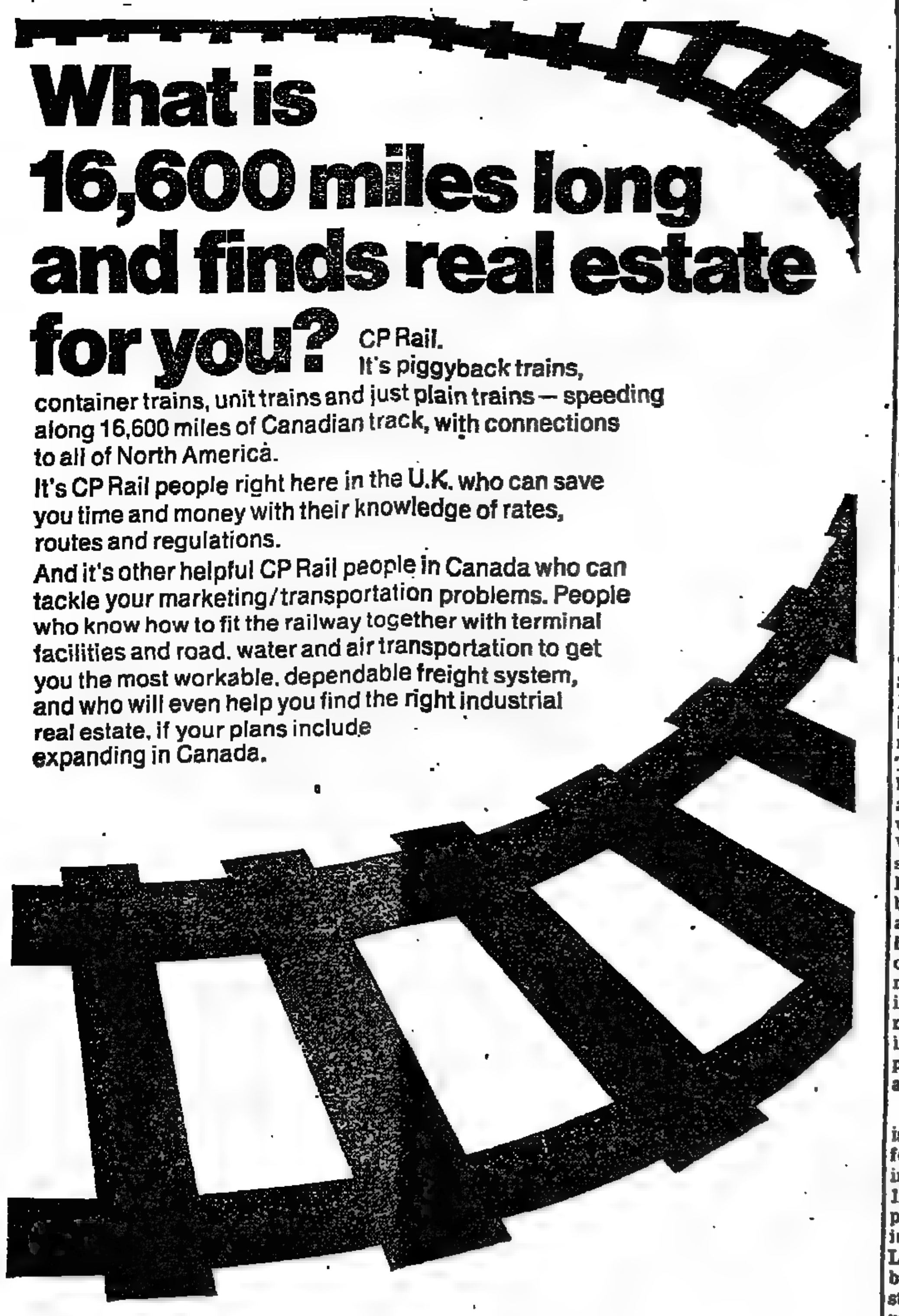

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# Wind of discontent blows strongly

THE PRAIRIE provinces of Manitoba and Saskatchewan are continuing to out-perform Canada as a whole in economic terms. But the past four years of unbroken prosperity have not put an end to the grievances of the 2m. residents of the region.

Traditionally, the four western provinces—Manitoba, Saskatchewan, Alberta and British Columbia—have harboured grievance towards the national Government in Ottawa. This discontent—which has been given the label "western alienation"—stems from a widely held conviction that the West has never enjoyed a fair share of Canadian development. Prairie residents, in particular, believe that their agricultural and mineral resources have been exploited for the benefit of industrialists who have built most of the processing facilities in eastern Canada. They blame not only the captains of industry, but also federal politicians whose policies have allowed it to happen.

Of course, western alienation is nothing new—it has manifested itself at recurring intervals throughout Canada's 109-year history. But the problem has been exacerbated in recent years by the federal Liberal Government's efforts to bring Quebec into the mainstream of Canadian life. Many westerners are convinced that Prime Minister Pierre Trudeau's administration unduly favours the French-speaking province when it comes to handing out the plums of industrial development. Furthermore, they are upset about federal legislation which gives French official status on a par with English. Prairie people complain continually about French "being rammed down our throats."

The Liberals only hold five of three dozen prairie seats in the House of Commons. They will be lucky to hold any of their representatives in the next federal elections, which will probably take place in two years' time.

An outsider would find it difficult to understand the winds of discontent blowing acros the prairies. Manitoba and Saskatchewan—along with Alberta—have been reporting the lowest Canadian unemployment rates for many months. Saskatchewan had an average monthly unemployment rate of 2.9 per cent. throughout 1975—and the percentage had dropped even further to 2.2 per cent. by September of this year. Manitoba had a slightly higher rate of 4.6 per cent. this September, but that was still substantially better than the national unemployment figure of 7.3 per cent. As things stand, 18,000 of Manitoba's 455,000 workers and 12,000 of those in Saskatchewan's 375,000 are looking for jobs.

## Buoyant

However, the buoyant state of the job market here seems to be of little consolation to prairie residents in their present frame of mind. Doubt about the continued prosperity of Manitoba and Saskatchewan agriculture is part of the reason. Agriculture is the bulwark of the region's economy—and this sector has been faring progressively better each year since international wheat markets turned up in 1972. Saskatchewan farmers, for example, had a net income of $1.30bn. in 1975, compared with only $169m. in 1969. Similarly, Manitoba's gross farm income last year was $989m., while the net income of the Province's agricultural producers was a record $418m.

But unfortunately for farmers, the trend towards bigger and bigger cheques may be over—at least temporarily. Both Canada and Russia—Canada's largest wheat customer—have harvested huge crops this year, as has the U.S., the world's leading producer. The net result is that a surplus of wheat is imminent and international prices are starting to decline. Top grade prairie wheat, which was fetching more than $4 a bushel in October, 1975, is now selling in the $2.80 to $3.10 range. And with the USSR certain to reduce its wheat imports in the next 12 months, further declines are a definite possibility.

Farm operating costs are continuing to rise at a time when producers' incomes are slipping. So that Manitoba and Saskatchewan farmers will probably have less cash in their pockets for the next 12 months.

Any reduction of agricultural prosperity is quickly felt by the retailing and manufacturing sectors in the two Provinces. But so far, the impact has not been terribly pronounced, although most prairie businessmen say they may be hard-pressed to equal 1975 profits. There are, however, some booming industries in the region, construction perhaps being the most prominent. Winnipeg — Manitoba's capital with a population of 560,000—has issued more than $280m. worth of building permits to date in 1976—?? per cent. higher than last year's corresponding figure of $1??m. Almost a dozen major new office towers are rising in Winnipeg's central core. The number of permits for single family dwellings has increased by more than a third this year. Farm prosperity has led to the development of additional secondary industry in Manitoba. McCain Foods, of Florenceville, New Brunswick, has recently announced that it will be building a $14m. processing plant at Portage La Prairie, 50 miles west of Winnipeg. The plant, to employ 300 people, will produce frozen chipped potatoes when it is completed in 1978. It will be the first western Canadian plant for McCain, which has extensive manufacturing facilities in eastern Canada, England and Australia.

Another side benefit of agricultural prosperity will be the establishment in Winnipeg of a $5.3m. plant to make laminated and polyethelene film packaging for the Canadian meat packing industry. This plant, to be operated by Winpak, Canadian subsidiary of a Finnish company will employ 143 people.

Saskatchewan also is the scene of higher-than-average construction activity. The Province led the nation in per capita housing starts in 1975, and the busy pace of residential construction has continued in the current year. Saskatchewan's two main cities, Regina and Saskatoon—each with populations of about 150,000—have been enjoying unprecedented growth since 1972. And as a result, city officials have had their hands full keeping up with the demand for new housing and services. "In 20 years, we won't know Regina," says Mayor Henry Baker. "Once a city hits 150,000 people, it starts generating a growth of its own. And residents who left to seek opportunities elsewhere begin coming back."

Saskatchewan is fortunate in that it has other resources besides agriculture to keep it in a buoyant economic position. The provincial government will soon have a surplus of $400m. in its energy fund, representing royalties that have been paid by the Province's oil industry. Government officials have been battling with the oil companies over the level of these royalties.

This dispute last year led to a temporary drop of oil production and exploration in the Province. However, Saskatchewan officials are hoping that the problems will be ironed out by a new system of oil royalties and taxation that went into effect on November 1.

## Resource

Other prominent resource industries in the Province are forestry, uranium, and potash mining. Saskatchewan has been receiving adverse international publicity because of its announcement that it may nationalise half the potash industry. The announcement was made more than a year ago by Premier Allan Blakeney. He and his New Democratic Party cabinet have followed it up by buying out one of the Province's dozen potash mines, as well as opening negotiations for several others. The provincial administration is convinced that Saskatchewan's large potash deposits are being developed too slowly. However, criticism of the nationalisation move — which has come from Washington to London—could hurt future industrial development, not only in Saskatchewan, but in the whole of Canada. For the moment, however, Saskatchewan's economy is working at almost full capacity, and the Province's population has g from 906,000 at the start of to 935,000 at present.

Manitoba, unfortunatel experiencing a lesser ra population growth. It ha smallest percentage increa population of any Canadia vince from January, 19 January, 1976. During period, the population Canada rose by 1.5 per but the population of Ma increased by only 0.9 per to 1,023,000 from 1,014,0

Part of the reason fo relatively low populatio both Manitoba and Sask wan is that many resi leave to take higher payin in the east and on the coast. However, Ma Industry Minister Le Evans is philosophic abou situation, saying that the vincial Government does particularly want to see a huge factories blotting Manitoba landscape. "It i as important, and often so, to encourage existing tries to expand," he says. have to work with what y got. And we feel we have reason to be optimistic. I there are a lot of disadva to excessive growth."

Part of the reason fo Evans' optimism is a forecast published by the ference Board in Cana nationally respected eco research organisation.

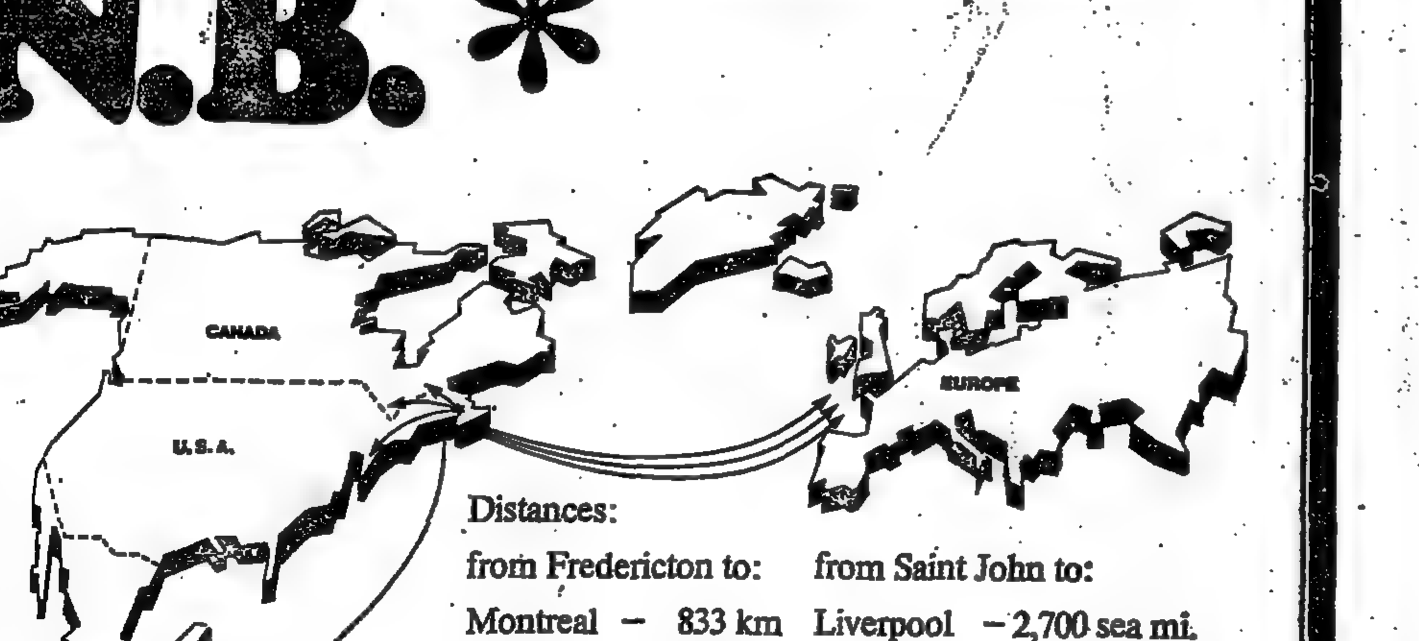
Board officials predict Manitoba's growth this yea be about 4 per cent, slightl than the national average per cent. But they also sa the Province's growth improve next year—and pe exceed the national avera

Similarly, the Saskatc economy is bound to co growing as long as the wo beating a path to its do for agricultural and natural resource pro Saskatchewan Governme venues, in fact, are expa so fast that the province soon be disqualified from the equalisation payment the federal Government to poorer provinces. Und equalisation system, Sask wan got $180m. from Ott 1973-74, but the total wil to $91m. in 1975-76.

The fact is that both Ma and Saskatchewan, beca their agricultural reso have been pretty well ins from all of the recessions 1970s. Most observers, the find it hard to understa cries of "western alien at this time.

**Roger New**


# N.B. *

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ONTARIO

# Economic worries multiply

WORRIED by the lag in the recovery of the North American economy, the Province of Ontario has plunged into an economic struggle with neighbouring U.S. states by cancelling a scheduled tax increase in an attempt to attract capital for job creation. Unemployment having risen to 6.3 per cent. in October from 5.7 per cent. in September, and with an eye on an Economic Council of Canada forecast that the Ontario rate would rise to about 7 per cent. next year, the Province last week made a move that is intended to maintain Ontario's competitive position and that of companies there in bidding for investment and business. Two specific actions taken by the Government will extend indefinitely the exemption from the 7 per cent. sales tax of production machinery and equipment bought by private industry and will increase by from 10 to 12 per cent. the credit allowed on foreign taxes paid by corporations.

## Bonus

Any new investment and additional jobs, however, would be considered a bonus. The Government's main fear is that it will lose to American border regions some of the jobs already in the Province if it allowed the sales tax on machinery to be reinstated at the end of this year as originally intended. The principal rivals are the states of New York, Minnesota, Pennsylvania, Michigan and Ohio, which have been actively campaigning in Ontario for companies to establish operations by offering substantial investment incentives. Quebec also is a rival, but Premier William Davis has made it clear that Ontario will not try to attract industry from Quebec because of the recent Parti Québecois victory in that province.

The measures were announced by the Provincial Treasurer, Mr. Darcy Mckeough, in a statement outlining what the Government called its economic strategy for 1977, rather than a mini-budget. Mr. Mckeough hopes the measures will create some new jobs but he thinks the real purpose is to prevent a loss of jobs. The election of the separatist PQ Government in Quebec has created a new worry for the Government of Ontario: while outwardly calm, using cool, careful phrases when commenting about future relations between the two provinces, Premier Davis obviously feels deep concern. In terms of provincial politics, the Quebec election results probably will assist the minority Conservative Government in Ontario because Ontarians see themselves as an important, perhaps even the central, part of confederation. With the fate of the entire country uncertain until the PQ holds its referendum on separation perhaps two years hence, Ontario voters are unlikely to want any uncertainty or change in their home politics arising from the next Ontario election, which may not be far off. The message for the Ontario Government was that in the end, people cannot be frightened into voting against a possible menace—in that particular case the threat of separation. During the past few months, the On Government has been ge up to frighten Ontario vote it has done before, into v Conservative for fear of socialist New Democrats.

Ontario manufacturers been upset even more Alberta's view of oil prices by Quebec. They feel tha prices in Canada should be below world levels if the country's future prosperit not to be endangered. Th but one part of a widening cern among Ontario man turers about future energy plies and costs. Ontario de 80 per cent. of its energy outside the province. Indu users, already concerned a possible shortages of natura and Canadian-produced c oil, and about rising price imported oil, now face the pect of increased costs for h electricity. The Ontario Go ment intends to ask the On Energy Board to adopt a structure in 1979 called " of day peak price loadi which would charge indus users higher prices for en consumed during peak de periods. The manufacturing tor, which uses 37 per cen the total electrical energy sumed in the province, expressed its concern. E tricity is the dominant for energy used in the manufa ing sector, and in most c there are no substitutes. Th fore the rate changes will e major cost increases for s businesses.

Manufacturers feel Ontario is still in a favour situation in terms of comp

CONTINUED ON NEXT PAGE

# Growing need for new investment

PROSPECTS for the vinces next year are ig as the onset of y has every indica- ing a long, cold inter. Concern is out soaring energy unemployment, fall- ent and output, and crease in business articularly among nanufacturing com- ng is alone among t resource sector in- a showing any r 1977. The spruce ntinues to decimate region's important ves and the impend- ion of Canada's new hore economic zone vent two or three rply curtailed fish

all this, politicians d about the long tions of the recent ion. It has already temperature of a ng dispute between d and Quebec over veries from the chill Falls hydro- Labrador and the cking of further pments there. The ewfoundland terri- lies Quebec under g agreement. New- ants to "recall" output for its own

rank Moores of l has spoken, per- atedly, about New- 60,000 population disputed Labrador t any possible in- Quebec. Less ebul- , like Premier of Nova Scotia, that the four east ces undoubtedly test economic im- any part of possible constitu- in Quebec.

## n

these, Mr. Regan their geographical political separa- ec from Canada. amaging, he sug- e the disruption federal revenue angements and ubsidies. Premier ld of New Bruns- r. Regan's concern ects of a Quebec his province, but , all political region have called action to the PQ . Most agree with t a political sep- kely and that if it did occur Quebec would remain sufficiently economically inte- grated with the rest of Canada as not inherently to damage the Atlantic area's economic via- bility.

Concern remains, however, about what Ottawa might be prepared to do in order to con- vince the people of Quebec to vote against separation in the referendum planned to take place within the next two years. Some leaders feel that Federal commitments to the regional economic needs of the Atlantic Provinces will be reduced. The region is still about 25 per cent. behind the national average in terms of per capita earnings and equally wide gaps exist in pro- ductivity, and investment per- formances.

As most provincial govern- ments see it, only Ottawa can solve the investment problems necessary to overcome the underlying reasons for these disparities.

There is a great need for alternative sources of power production to reduce the crip- pling burden of generating up to 100 per cent. of a province's electrical power needs from oil. If the cost of keeping Canada united is to be greater Federal spending in Quebec, the Atlantic region fears that it will inevitably get less national attention and languish further behind on most economic fronts. Even this view, how- ever, is not universally shared in the region. Mr. Regan, for one, disagrees. He thinks Ottawa will maintain its com- mitment to financially support- ing the weaker partners in confederation. While he does not say it, the implication is that Mr. Trudeau might be happy to encourage the support of the only two remaining liberally governed provinces, Nova Scotia and Prince Edward Island.

Certainly, there seems to have been an unusual degree of warming in relations between Ottawa and some of the eastern provinces since the Quebec election. A Nova Scotia govern- ment source said Ottawa's attitude to Nova Scotia's pro- posed worldscale steel plant in Cape Breton has "unbelievably" improved since that time. And Federal Ministers have acted with unaccustomed speed to tackle many long outstanding pieces of business with pro- vincial counterparts.

The steel plant is just one of the important economic issues that have to be settled. Others include the Gull Island power scheme in Labrador, the con- struction of a national power grid passing through Quebec, the development of tidal power on the Bay of Fundy and a host of industrial problems ranging from an order crisis in the ship- building industry to the future of the mothballed Shaheen Natural Resources Company Refinery at Come-By-Chance in Newfoundland.

The slump this summer in world steel demand has severely reduced local opti- mism about the possibility of a go-ahead on the $2bn. first stage of the undertaking, but officials of Cansteel Corporation the pro- vincial agency behind the pro- posal, argue that cancellations and postponements of new steel tonnage elsewhere in the world only serve to strengthen the viability of the Nova Scotia pro- posal.

## Doubts

Cape Breton is geographic- ally well placed to serve export needs, it is close to domestic sources of raw materials and most of the physical doubts that have been raised about the suitability of the Gabarus Bay site have now been eliminated. Wave action, for instance, is not now thought to pose any serious problem to the docking of ore carriers and other ships.

The determining factors, how- ever, are likely to be whether Cape Breton has sufficient reserves of metallurgical grade coal to sustain up to an 8m.-ton operation and how competitive the Federal Government is in providing financial support for the undertaking.

In order to overcome the log- jam over Labrador power de- velopment caused by its dispute with Quebec—over power-re- call — Newfoundland is recon- sidering plans to avoid a new transmission line route through Quebec by building a tunnel under the Strait of Belle Isle and laying a submarine cable across Cabot Strait to Nova Scotia. Such a line would be at least ten times longer than the submarine cable to be laid this summer between Prince Edward Island and New Brunswick, but Newfoundland Energy Minister, Mr. Brian Peckford, says it is technically feasible.

The spectre of what has come to be known as "the Anglo- Saxon" route has often been raised at times of electrical bargaining between Newfound- land and Quebec. But this time the potential is being treated much more seriously. Tech- nology has improved and the potential generating deficiency of the maritime provinces has substantially increased.

These factors also increase the likelihood that a positive commitment will be made within the next few years to a tidal power scheme, exploit- ing tidal power in the Bay of Fundy. Another Federal- Provincial review has recently taken place. It concluded that more study will be needed but that the concept is looking in- creasingly worthwhile.

Other potential energy de- velopments include suggestions of importing Algerian natural gas through a new tanker and pipeline terminal to be built at Lorneville, near Saint John. The majority of the gas would be moved to the United States but about one third would be available for Eastern Canadian needs. Tenneco and the Algerian state oil company are participating in the planning.

On the wider industrial front, no solution seems in sight for the problem of the Shaheen re- finery. A number of companies, including Petro Canada, the new state oil concern, have looked at it but nobody has been prepared to buy it. Mr. John Shaheen, the New York industrialist who established it, says he is confident that he will be able to arrange the neces- sary refinancing to recover ownership. Whoever acquires it will still be confronted with the basic problems that caused its financial failure, market diffi- culties and the need to invest a substantial amount of new capital to overcome design de- ficencies which limited the out- put of high-value products.

Market problems are also causing difficulties for other in- dustries. Hawker Siddeley Canada has had to lay off about 1,500 workers at its Trenton rail car plant because of a shortage of orders and another 1,200 jobs are threatened by a dearth of ship- building orders at the com- pany's Halifax yard. Work will be completed this year on the last of the yard's oil rigs and an offshore drilling ship. Nothing is so far in line to re- place them.

The one bright spot in the region is mining. For the first time in half a century, the Cape Breton coal mines, now under Federal ownership, will make a realistic profit. Two new mines are opening and others are planned. Exports are now going both to Europe and Central Canada and a big expansion will be required if the proposed steel plant is built. In New Bruns- wick, prospects look good for the development of a large new potash mine and a Brinco sub- sidiary is to develop two new uranium deposits in Labrador, the first mines of their kind in the region. Technical and labour problems have been overcome in the Labrador iron ore industry and Newfound- land's total mineral output this year will exceed $600m. A new lead-zinc mine is to be de- veloped next year in Nova Scotia by a subsidiary of Imperial Oil.

The vitality of the mining sector helped offset other weak- nesses to produce a year of general economic activity slightly below the national average. Real-productive growth ranged from 3 per cent. in Prince Edward Island to about 4.5 per cent. in both Nova Scotia and Newfoundland. Similar trends are expected through 1977, with a 4 to 5 per cent. growth spread with the best performance probably coming from New Brunswick.

Prince Edward Island will continue to benefit from other peoples' misfortunes. Its agri- culturally based economy was propped up this year by a record level of potato exports to Europe which suffered a serious crop reduction as a re- sult of last summer's drought.

**Lyndon Watkins**

# Worries

CONTINUED FROM PREVIOUS PAGE

tive rates as well as availability and reliability of power, but are afraid that the situation could deteriorate. They want ade- quate supplies of electrical power to come on stream at the same pace as domestic supplies of oil and natural gas decline, because it is easier for Ontario to replace fossil-fuel based energy with electrical power than vice-versa.

Relying as heavily as it does on the motor-car industry for its prosperity, the Ontario Gov- ernment also is worried by the apparent slackening-off in motor-car sales in Canada and the U.S., especially in the small car field, to which much of Ontario's producers are geared. Production of cars and trucks in the first half of the year had held out the promise that the industry was once again on the move upward. It was almost on a par with the level of 1973, a boom year. However, while production of cars was up 17 per cent. in the first half, the rate of improvement since then has notably deteriorated. To the middle of November, output was less than 8 per cent. ahead of last year and the gap was closing steadily. Truck produc- tion, which was ahead 33 per cent. at the half-way mark, now is only 27 per cent. ahead.

The forecast is that Canada, which really means Ontario, will have a deficit of $1.4bn. in its trade of motor products with the U.S. While this is less than a deficit of $1.9bn. last year, it hides the continuing deteri- oration in the parts sector. The parts deficit is expected to increase to around $3bn. from $2.5bn. last year. This is not pleasant news for Ontario, since the parts sector employs more people than does assembly, and the jobs are quite often away from the main centres of popu- lation. Some parts manufac- turers, mainly American-con- trolled, are moving production out of Ontario.

The loss of international com- petitiveness and the labour situation such as strikes and high Canadian wages are be- lieved to be among the reasons.

When he announced the ex- tension of the exemption from the sales tax on production machinery and equipment, Mr. Mckeough also had a warning for all Ontario residents that they may have to tighten their belts next year. He said he will hold spending by the provincial Government in 1977 to a rise of 9.6 per cent. over this year's $12.6bn. instead of the 10.4 per cent. increase this year. If negotiations for a new Canada-wide revenue-sharing agreement with the federal Government fail — individual income-taxes may be increased early in the next year.

**James Scott**


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# Suffering from shell shock

BRITISH COLUMBIA's economy, based almost exclusively on the export of its abundant natural resources, would be described in the army as "walking wounded." It is limping along but it won't be in any great shape for a little while yet. And, while it survived the economic battle of the past couple of years better than many of the combatants, it is still suffering from shell shock and a few self-inflicted injuries to boot.

Exports of British Columbian processed goods and raw materials increased by 18.5 per cent. in the first half of this year over the same period in 1975. The increase compared favourably with an all-Canadian exports increase of 13.6 per cent. for the same period.

The first half 1976 increase was expected because 1975 had been a disaster for British Columbia. While Canadian exports for the year 1975 increased by 1.9 per cent. over 1974, from \$31.4bn. to \$32bn., exports of goods from British Columbia in the same period actually dropped by 10.1 per cent., from \$3.98bn. to \$3.58bn.

The difficulties associated with the last economic trough were exacerbated in British Columbia by the policies of a free-spending provincial government that coupled a laudable social conscience with an appalling display of economic ineptitude and naivety. (The most celebrated instance of this was a Minister who let \$100m. of public money slip through his fingers in a welfare cost overrun and then blithely attributed it to a "clerical error.")

The socialist New Democratic Party was defeated last December by a populist coalition of hardware merchants, car dealers, political opportunists and claim jumpers of no discernible social conscience whatever but who managed to convince the electorate that they could at least add up.

The Social Credit Party was led back into power by Bill Bennett, hardware merchant son of W. A. C. Bennett, who had been Premier of the Province for 20 years until his defeat in August 1972.

The Province's difficulties arose mainly because of its dependence on an economic base that is vulnerable to the cyclical nature of world commodity markets. But actions of a provincial government suspicious of the profit motive and untutored in the realities of the business world aggravated a situation that was grave already.

The inquest into the NDP's handling of the economy has been both protracted and bitter. The new Bennett government's budget address contained an attack on its predecessors so venomous that it was censored by its own authors before the official printed version was considered fit reading outside the Province.

## Shortfall

The new government claimed that the Provincial deficit at March 31 was \$541m. By tapping \$143m. available in reserves, this left the actual cash shortfall close to \$400m. The government then passed legislation authorising the borrowing of this amount in order to balance the books.

There is some evidence to support NDP claims that the new government went on a spending spree of its own between its election on December 11, 1975, and the end of the fiscal year on March 31, to blacken more deeply the impression of fiscal irresponsibility by its predecessors. It similarly strengthened its case by a number of transparently "political" monetary transfers.

The new government demonstrated its early fanaticism for balancing its books when it doubled and even tripled the automobile insurance premiums charged by the provincially run Insurance Corporation of British Columbia.

It also doubled rates on the government ferries that link the mainland with Vancouver Island to stem a costly haemorrhage of public money. The result was a predictable decline in tourists who, after decades of ferry subsidy, refused to pay the increased rates. An embarrassed government quietly cancelled some fare increases and spent \$100,000 on advertising in an effort to drum up business for the island.

To attract new mining investment the Social Credit Party government repealed an NDP law which charged a royalty on mineral production, substituting for it a tax on profits.

The government claims its approach to mining has been successful in rekindling interest here. Mining claims, it says, have almost tripled, from 6,761 between January and August, 1975 to 17,510 in the same period this year. However, no new mines have opened and the government has conceded that earlier hopes for a copper smelter and refinery have now disappeared, at least for five years.

In a mid-year economic report in October, Premier Bennett said: "Our economic health is far from restored. But the worst is over, and if we avoid the errors that those in other parts of the world have made we can look forward to the best days this province has ever experienced."

The Premier reported that revenues in the first six months of the fiscal year were up by \$21m., or 1.3 per cent., but that, he said, was a hopeful sign and a big advance over the first quarter when revenues were \$26.3m. below forecast.

Income from the forest industry was \$36m. less than the Government had hoped for. The international economy had simply not improved to the extent that the Government had forecast. A Province-wide shutdown of the construction industry for practically the entire summer had also slowed the recovery, he said.

Potentially one of the brightest hopes for the British Columbia economy is the exploitation of vast reserves of high-quality coal which lie along the eastern edge of the Province. Already British Columbia exports about 10m. tons of coal a year from the East Kootenay region in the south, mainly to Japan.

Now a \$1bn. development is being talked about for the north-east. The catalyst is Denison Mines, which already has an agreement from the Japanese to buy 5m. tons of coal a year. Denison wants to spread its risk by getting the provincial government to develop the necessary infrastructure, including a rail line and new town. The Province, for its part, is hoping to tap part of the cost from the federal Government in Ottawa but also wants the Japanese to increase their purchasing commitment to 10m. tons a year.

The forest industry remains the Province's biggest money maker, accounting for more than 50 cents of every dollar earned. It was badly hit by the world recession. Many companies posted big losses, and about 15,000 industry workers were laid off for long periods.

The lumber industry has now begun to regain some of its former health, which is largely dependent upon the performance of the U.S. housing market. Exports were up 38.3 per cent. in value in the first half of 1976. The forest industry is blunt in saying that a continuation of economic recovery in Canada through 1977 at the pace experienced in the first half of this year depends on renewed vigour in the U.S. economy and a strengthening of capital spending and consumer spending.

The pulp and paper sector has been experiencing softening demand for some months now, and several companies are planning production curtailments before the year end to reduce inventories. There seems to be a consensus tha[t the] market will not improve gr[eatly] until the second quarter of [...]

It now appears that no major investment in the ca[pital] intensive pulp and p[aper] industry will be forthcomi[ng in] British Columbia without [con]siderable government i[ncen]tives. The only company u[nder]taking a large-scale expa[nsion] in the province is Cana[dian] Cellulose, which is owned 8[...] cent. by the Government. [It is] spending \$100m. convertin[g an] obsolete sulphate pulp mi[ll to] the more profitable blea[ched] kraft variety.

Economists and business[men] here have often expressed [con]cern about high labour c[osts] which they claim are makin[g the] Province's exports less com[peti]tive, and frequent strikes, w[hich] earn the Province a reputa[tion] for unreliability as suppl[ier.] They are also greatly conce[rned] at the unrealistically high v[alue] of the Canadian dollar.

The province has probabl[y the] most militant labour forc[e in] the country, and a patter[n of] high civil service pay s[ettle]ments was set during the [NDP's] tenure in Victoria, toge[ther] with the introduction of [the] country's highest minimum [wage] laws.

**Jim L[...]**


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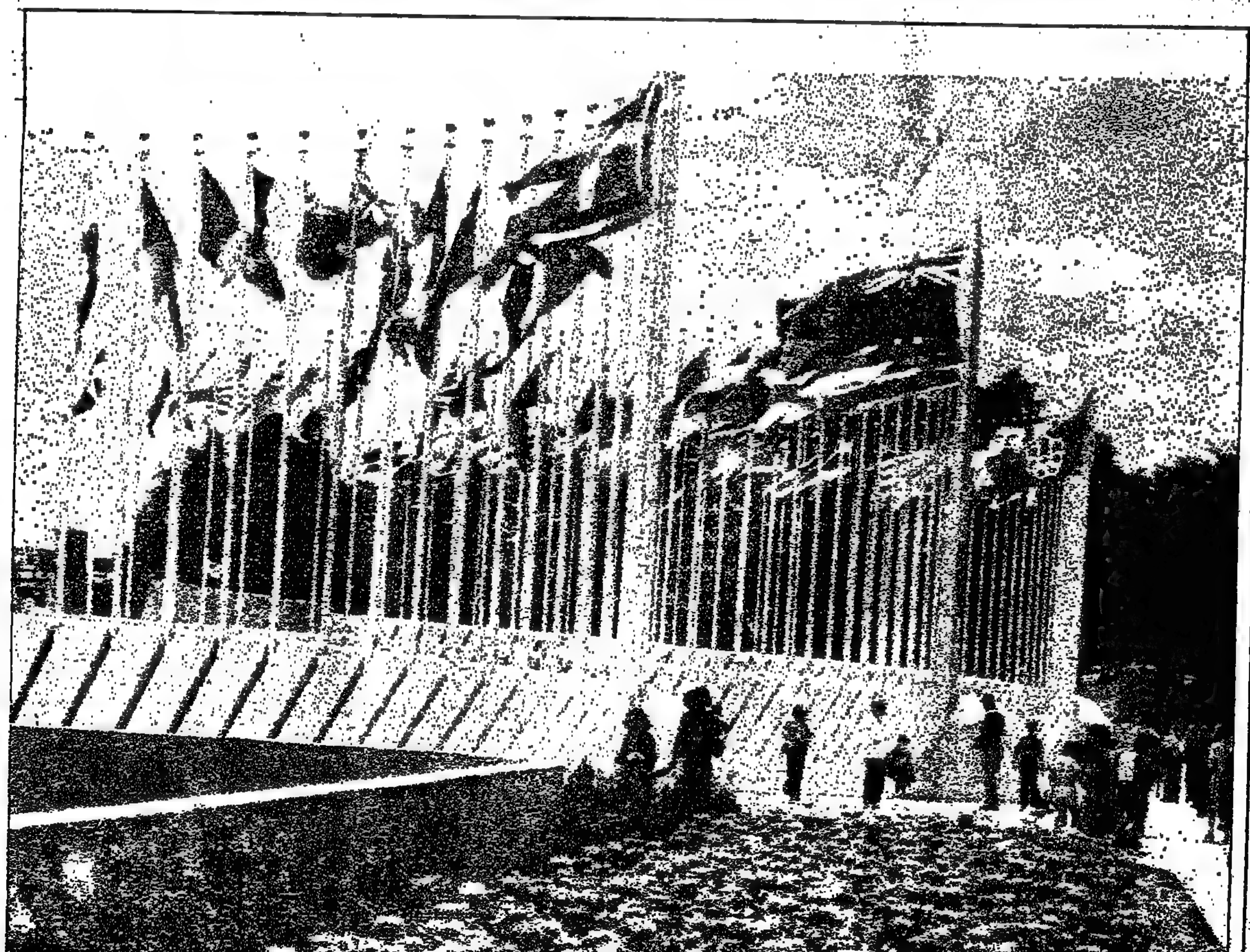

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ALBERTA

# Strong performer

ALBERTA'S ECONOMY remains one of the strongest performers in Canada. The Province hardly felt the 1974-75 recession. And through the first three-quarters of 1976, the Province's performance outstripped Canada's on most important economic indicators. The Conference Board in Canada, a non-profit business service organisation, estimates that real domestic product in Alberta will grow by 7 per cent. this year and 5.2 per cent. next year, the highest rate of any Canadian province in both years.

On a seasonally adjusted basis, unemployment in September was only 3.7 per cent., about half the national average. The province has 46,000 more people employed in September than a year earlier, and the labour participation rate is the highest in Canada, a position that normally has been held by Ontario. Despite the high participation rate, the level of unemployment is well below the 4.3 per cent. of a year earlier. Other indicators support the rosy picture that the employment figures show.

## Faster

Retail trade in the Province has been growing faster than any other Province this year, a performance that is not surprising in view of the growth in employment and a rate of growth of average weekly wages, which is above the national average. Similarly, the growth of investment and manufacturing shipments is also higher than the national average. And, to round out this performance, the provincial inflation rate is staying at the national average rather than moving to higher levels.

The reasons for Alberta's prosperity are not difficult to determine. The Province is Canada's largest producer of crude oil and natural gas. And while Canadian prices for crude oil are not yet at the levels set by the Middle East, they are being moved to world levels in stages, with the next increase, from \$9.05 to \$9.75 a barrel, set for January 1, 1977. Natural gas prices are pegged to the oil price by a formula based on relative calorific value. These too will increase in January.

Some measure of what the increases mean for Alberta can be taken from the performance of Alberta Heritage Savings Trust Fund, a provisional government account into which 30 per cent. of the provincial revenue from non-renewable resources is put. On August 30, the provincial government transferred \$1.5bn. into the fund. By next March it is expected to reach \$2.1bn. The goal of the fund is to assure that the Province is still in a strong financial position when the oil and gas wells begin to run dry in a few years' time.

While Mr. Lougheed's Government skims the thickest cream off oil and gas price increases, the oil and gas industry has received increased cash flows from the price rises, and these have been reflected in the level of oil and gas drilling in the Province. During the first nine months of the year, 3,758 oil and gas wells were drilled more than the 3,600 wells that were drilled in all of Canada in the whole of 1975.

At a time when it is clear that conventional oil and gas reserves in Alberta are starting to run out, it would seem ironical that the Province is starting to develop a world-scale petrochemical industry after 25 years of supplying the raw materials for the Ontario petrochemical industry. But such is the case. The start came this summer when a subsidiary of Alberta Gas Trunk Line of Calgary began construction of an ethylene plant which will use ethane stripped from natural gas as its raw material.

While construction of the petrochemical plants is just underway, the other major capital project in the Province, the \$2bn. plant to extract oil from the Athabasca Tar Sands and related facilities being built near Fort McMurray by Syncrude Canada of Edmonton, is more than half finished. The first oil from the 125,000 barrels-a-day plant is expected by mid-1978.

The investment boom in Alberta still has some years to run. The provincial Energy Resources Conservation Board estimates that investment in major industrial projects in Alberta will total about \$6.7bn., in 1976 dollars, during the period to the end of 1981.

One major uncertainty in the investment picture is whether another tar sands plant will be built. The Federal Government has recently indic[ated] interest in a plant, but Albe[rta's] attention is on petrochemi[cals.] It will require some Fede[ral-]provincial jockeying before [the] future development plans of [the] tar sands are determined.

## Goal

Strained relations betw[een] the Alberta Government [and] the Canadian Government h[ave] been the norm since Mr. Lo[ug]heed became provincial Prem[ier] five years ago. His m[ain] economic goal has been to bu[ild] up a more balanced provin[cial] economy with less reliance [on] farming and oil and gas produc[tion.] "We cannot rely on [the] Federal bureaucrats or [the] establishment in Toronto to [do] it for us, for our objective me[ans] a fundamental change in [the] economy of Canada, a shift [of] the decision-making westw[ard] and essentially to Albe[rta.] Because of that it will [be] vigorously opposed."

And Mr. Lougheed [has] shown how long his mem[ory] is. One of the principal pr[ob]lems in establishing the pet[ro]chemical industry in [the] Province was a plant being bu[ilt] at Sarnia, Ontario by Petros[ar,] a company which had the stro[ng] support of the Federal Gove[rn]ment. Mr. Lougheed this autu[mn] refused Petrosar the right [to] be a designated buyer of cru[de] oil from the Alberta Petrole[um] Marketing Commission, [the] agency that sells all the [oil] leaving the Province. Wh[ile] the move will not stop Petros[ar] from getting oil, it will increa[se] the company's costs.

Lower grain prices mig[ht] bring some relief to cattle a[nd] pig farmers. Cattle ranche[rs] who produce calves to be gra[in] finished by others have be[en] in desperate straits the pa[st] two years, and the Provin[ce] announced a special payment [of] \$40m. to them in Septemb[er.] With lower grain prices, catt[le] feeders' margins should i[m]prove, allowing them to b[id] higher prices for calv[es.] Similarly, an improvement [in] margins among pig produce[rs] should boost production, wh[ich] in the first nine months of t[he] year was 20 per cent. below 19[75] levels and 35 per cent. belo[w] 1974 levels.

**James Rus[...]**

# The IMF strategy: a matter of faith

…NOT always fix it, the …nister warned shortly … took office, and the … that neither Mr. … nor anyone else is in … of a clear, unanswer… …tegy for putting the … right. There are …rategies on offer, rang… the hard monetarist …osed by the outgoing … of President Ford's … lame duck administra… …ugh the neo-Keynesian … (there is unemploy… …erefore let there be … and its corporatist … incomes-policy-at-any… …ool to the financial …ors like Mr. Harold …l, on his immediate …ocialist protectionists.

…s only one factor that … to all of these pro… …ategies: not one of …be proved, except pos… …trial. The passionate … of each one of them …ly produce at least …casts and economic …at purport to show …are right, but there …son for the rest of us … in any such prog… …s any more. Some of …ents rest on founda… …nce seemed solid, but …ls that our world has … different from what …t to-day there is no …y rigorous way of …ing that, say, the … are the best bet …Keynesians have lost …ice versa.

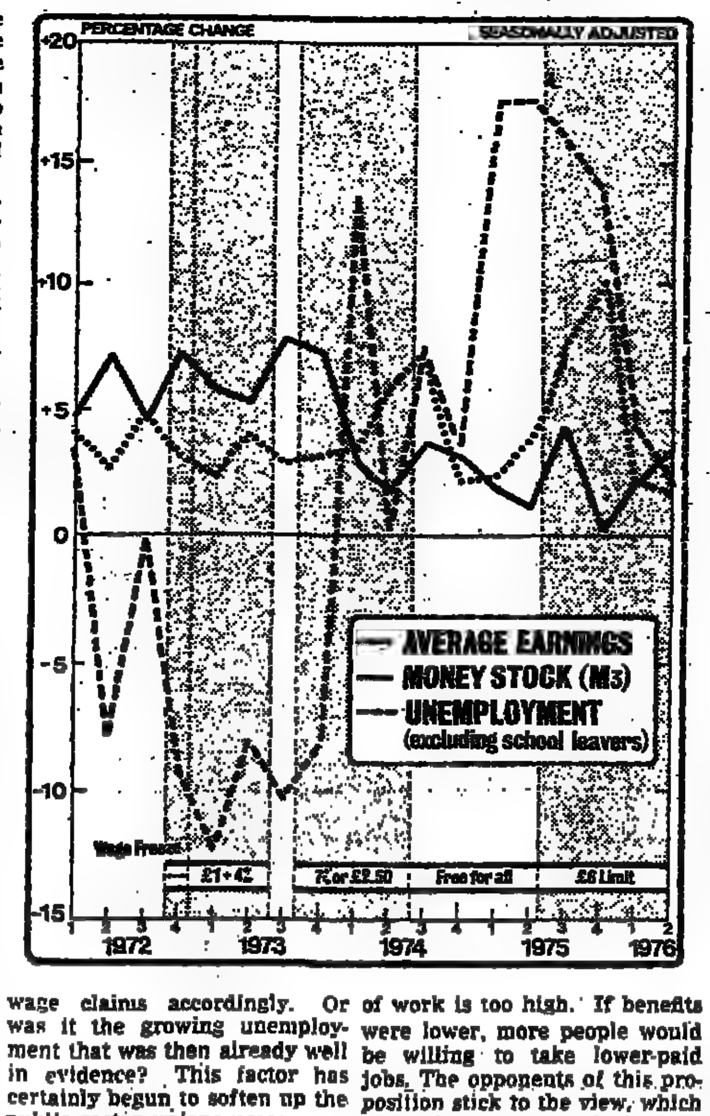
… choice is made, …nust be very largely … faith. If the Prime …tarts out believing … be the proper one … at this moment he …rided with the argu… …pport him—at least …ord Administration tells him that course B is the only one that will get us the money. We who must take the consequences cannot protest on intellectual grounds alone: too much of what is happening is a matter of *belief, and hunch*, and hope.

For example, there are three schools of thought about how to moderate the pace of wage inflation. The monetarists will say that a steady and prudent rate of growth of the supply of money will ensure a steady and not unacceptable rate of increases in earnings. The old school of economists will say that a high rate of unemployment will eventually reduce wage demands. The new corporatists say that it is upon incomes policy that we must rely.

## Support

The accompanying chart shows that if the experience of the past few years is any guide none of these schools can claim to present the whole explanation for what has happened to wage inflation, while all three of them can find evidence in support of their beliefs.

Thus the Government justifies its every move by reference to the social contract and the horrors of living without it. Look at what it has done to wage inflation since the summer of 1975, they say. It seems only common sense to believe that the political sleight-of-hand involved in the £6-a-week policy had some effect on trade union demands, but what made the unions so malleable? Was it the monetary squeeze that immediately preceded that summer? The private sector certainly felt this, and resisted wage claims accordingly. Or was it the growing unemployment that was then already well in evidence? This factor has certainly begun to soften up the public sector unions now.




Again, what does the word "unemployment" mean? To some of the now monetarists it means at least in part that the rate of benefit paid to those out of work is too high. If benefits were lower, more people would be willing to take lower-paid jobs. The opponents of this proposition stick to the view, which most of us were taught on our high chairs, that unemployment means black-and-white photographs of long queues of grey-faced men with thin hands, clutching meagre soup bowls.

At the one extreme of faith it is a temporary, structural, or "natural" phenomenon; at the other it is a cause of social instability and latent revolution.

I have set out these fundamental differences of faith in stark terms because it is only by so doing that one can begin to understand the value-judgments that lie behind the various strategies on offer. On this basis we can look at those strategies with a better hope of understanding them.

The neo-Keynesians and corporatists fear the social consequences of deflation now. The grey-faced queues have not left their conscious or sub-conscious minds; by putting it that way I do not imply that they *must* be wrong, since modern unemployment can be very unpleasant (try it), and it is possible that if Britain has much more of it there will be widespread instability. This school, which has the powerful support of the National Institute of Economic and Social Research, a majority of the Cabinet, most of the trade unions and much of the Labour Party insists that it is ridiculous to reduce the budget deficit now, since the economy is moving into another recession, the outlook for world growth is uncertain, and unemployment is likely to rise whatever happens.

If you ask them, what about the public sector borrowing requirement, most will say that it is not "real" since a large proportion of it is accounted for by the lower revenue resulting from the recession, and the higher social security payments made necessary by high unemployment. If you ask, what about our foreign creditors, the answer is likely to be that we must convince them that a British depression would not be in their interests, that it could lead to the fall of democracy in these islands and thus endanger the entire West. What is more, it might put the social contract n jeopardy.

Not surprisingly, this school resists public spending cuts now, particularly if not balanced by tax reductions. Any serious cuts must mean fewer jobs in the public sector, they argue; this would simply increase unemployment, reduce the tax take, and put up the bill for social security—thus offsetting much of the reduction in the Government's borrowing requirement.

## Debt burden

Allied to this school is Mr. Harold Lever's campaign for solving what is perceived as primarily a financial problem by financial means. Our real domestic burden, it is said by his followers, is debt, and the interest on that debt. Rewrite the books and change the rules by issuing index-linked bonds and a great deal of the apparent problem will have disappeared. Our overseas burden, on this argument, can best be eased by borrowing long-term, repaying many years later in pounds devalued by inflation but earned by oil. At the same time we must find a way of getting other countries to remove the responsibility for the sterling balances from our shoulders. Do all that and the need for public expenditure cuts will melt away: the threat of higher unemployment will be diminished (although not obliterated) and we can turn our attention to the "real" economy.

We are then left with the hard-liners and the monetarists; the two are not necessarily the same. One should say at once that "hard-liner" is the sort of term that is likely to be applied by those who oppose this school on the ground that it would increase unemployment: equally it has to be said that the school itself is not at its point of greatest crystal clarity when tackled about what the unemployment effect of its policies would be in the short-term: for instance, next year.

The starting-point—the rock of faith—of this school is that all the old well-known policies are proven failures. If Britain is to be lifted out of its long-term decline we must try something new. That means turning back from post-war policies that have culminated in a disastrous explosion of public-sector and heavily subsidised employment towards a revitalisation of the private, productive, sector.

How is this to be done? Public spending cuts that do not merely postpone capital projects but actually reduce town hall and civil service employment may put some people out of work, but the saving would —could—be felt by taxpayers at once, if the cuts were balanced by a cut in taxation. This would — could — mean more spending on consumer goods, depending on the savings rate (a great unpredictable), net of the lower spending by the dismissed public servants and the taxation required to pay for his or her social security. An increase in private spending would mean less destocking by business, and at least a lower *rate of shedding of workers*. Lower taxes, or a lower government borrowing requirement, would mean lower interest rates and reduce the disincentive to invest. The new investment would create new jobs, in productive industry, where it counts.

In this way the return of confidence would be almost certain; an assured export-led growth would take care of our balance of payments problems, the pound's value would increase, inflation would be reduced (especially *if* the monetarist ingredient was included) and in the medium-to long-run unemployment would be further reduced than under any of the other prescriptions.

In recent years I have found this school increasingly interesting, mainly because the debilitating effect of local government spending has been so obvious, at least to some of us. One of its major defects is that its proponents need to spell out whether the short-term increase in unemployment that is inevitably involved would be *lesser or greater than* the increase in misery (for unemployment does mean misery, even to-day) implied by the rival strategies. For the short-term is important here, unless you can swear blind that there would be no adverse social consequences to a further sharp increase in the number out of work for the first half of next year—if this were to happen.

The long-term, however, implies a social market economy rather like West Germany's, in place of our muddled, mixed economy. If we could get from here to there we could afford far higher social spending, in absolute terms (though not as *a proportion of all our wealth*) than NUPE and NALGO have yet dreamed of. But this, too, is a matter of faith, as the Americans and the IMF officials whose thinking is that way inclined know very well.

# Letters to the Editor

## …ula tax …l

*…Torrington.*

… comments of Pro… …r Odel and Dr. …ember 26, Page 11), … to the theory that …revenue tax (PRT) … applied is an inade… …s of obtaining the …enefits from North … the people of this …

…e discussion phase …ntroduction of PRT, …d a paper to all in… …lies suggesting that …ation tax and PRT …bandoned in favour … tax similar to that …South African gold …

…cular point of this …is that the propor… … payable upon the …ed from an extrac… …y is related to the … In this way com… …encouraged, in the …mining to work more …eposits since the … on the whole profits is reduced. …at'on of such a tax North Sea oilfields …ich to prevent com… "picking the eyes" …oilfields. Now that … and the formation … out of the way it …ise for the Govern… …examine this issue …

…gton (Director), …oleum. …r Street, W.1.

## …nd home …rship

*… Stafford*

…h to lend support (November 23) from … Kilroy which draws … the comparative …atment of personal …ship and personal …n company securi…

…ion of Schedule A …er-occupied housing …drawal of tax relief … borrowings under Act 1974, have done …essively foster per… …ent in housing and …ersonal investment …ecurities. A person … money to invest in …urities receives no … on the borrowed … tax on the interest … received, and tax …l gains.

…st, a person who …ey to purchase a … tax relief, pays no imputed rent from … the house confers, …t capital gains tax. …e receives help to … capital asset intact …ement grants and is …o his capital assets …me extensions by …dised borrowing. …ircumstances, it is …rising that people … homes (and their … as the only profit… …elatively risk free, …e savings. Owner… …ve been quick to …lvantages of invest… … to their house pur… …e 1970s. Borrowing … than zero real rate …hat is after tax re… …ation, makes more …saving depreciating investment in com… …ies.

… and Conservative … have both declared … increasing owner… …ut the irony of the …tructure is that the …erable benefits of …tion are enjoyed by existing owner-occupier tax-payers but in no way help the low paid or aspiring owner-occupier to acquire a house.

D. C. Stafford.
(Lecturer in Economics)
University of Exeter.
*Amory Building,*
*Rennes Drive, Exeter.*

## Company cars

*From Mr. J. Tennent.*

Sir,—As the effects of the Pay Code bite harder, and companies strive to attract and to hold on to their middle-management executives, there is a noticeable increase in the number of staff advertisements in the media which offer the "perk" of a company car.

Following the last Finance Act, a good deal of attention has been centred on how these "perks" will in future be assessed to Income Tax in the users' hands, but little appears to have been said of the fact that the last few years has seen an unusually rapid increase in the costs of running cars.

It is unlikely, therefore, that all company directors have recently "done their sums," and it is suggested that many would be surprised, if not horrified, to learn the real cost to their companies of providing a car of even modest price and engine capacity (when one is not needed for the user to perform his company duties).

| | | | |
|---|---|---|---|
| Price ............ | £3,000 | £4,000 | £5,000 |
| Engine capacity ............ | 2,000cc | 3,000cc | 3,000cc |
| | £ | £ | £ |
| Depreciation (20 per cent.)... | 600 | 800 | 1,000 |
| Interest on capital (16% on 70% of cost) ............ | 335 | 450 | 560 |
| Licence, insurance and other standing charges; repairs, tyres, etc., etc. ............ | 500 | 600 | 700 |
| | 1,435 | 1,850 | 2,260 |
| Petrol and oil ............ | 305 | 380 | 395 |
| | 1,740 | 2,230 | 2,655 |

The cost of petrol and oil, or a proportion thereof, is generally left to the beneficiaries of such "perks" to bear personally; hence the more relevant figures of "cost to the company," assuming the cars are replaced at the end of every third year which is about average, are the sub-totals shown in the fairly typical examples.

J. M. Tennent.
*Merlin Gables,*
*4, Brendon Close,*
*Esher, Surrey.*

## Agencies and jobs

*From The General Manager,*
*U.K. Operations,*
*Western Staff Services (U.K.).*

Sir,—There has recently been controversy between the Government's Manpower Services Commission and the Job Centres and Professional and Executive Recruitment (PER) which it controls, and the House of Commons Committee of Public Accounts.

We believe that at a time when the whole country is concerned with the massive level of Government expenditure your readers should be aware that the House of Commons Committee has declared publicly that "we are most concerned that the real value of all this expenditure has yet to be established." The sum the Manpower Services Commission is planning to spend this year alone is no less than £424m.

Further worries about this waste came when the Under Secretary of State for Employment told Parliament that 233 staff employed in 10 Merseyside Job Centres had a total salary bill of £853,450 per annum. A report published recently by the Federation of Personnel Services discloses that a leading private employment agency runs over 60 branches with less staff and a salary bill of under £500,000. While annual salary costs for *each of the country's Job* Centres is £85,345, the cost of running a single private agency office is a mere £8,500.

The same sorry story can be told about PER. One PER member of staff places 16.6 people per annum, while in the private enterprise sector agency staff place between 75 and 90 people per annum. No wonder the losses here for the year 1975-76 are estimated by FPS to be a record £2m. Nor is this all. Recent figures put the cost of each PER placement at £603 against £412 a year ago, or a rise of 46 per cent. in 12 months.

One final point. Is it right and reasonable in the present depressed state of the economy to allow a service like PER to sustain losses of around £2m. *and still expand its activities?* And before anyone answers, or makes excuses, let me add that the original Treasury forecast was that PER would produce for 1975-76 a surplus of £365,000. Not only is the Government unable to get its sums right; it is unable to place many people in jobs either.

Peter Lee-Hale.
Western Staff Services (U.K.),
*2, Hanover Street, W.1.*

## Trade in the real world

*From Mr. R. Sadler.*

Sir,—I wonder if the officials who dreamed up the latest Bank of England Notice EC68 have the faintest idea of how merchanting trade is conducted in the real world outside?

At the stroke of a pen ordinary day-to-day occurences—the extension of a letter of credit, payment under a contract for December shipment on a "cash against documents" basis are prohibited. Apart from the impact on future invisible earnings as a whole, in our case, as surely in others, both sides of our deals are in sterling, so all along we have been generating a net inflow of sterling to this country, which will now cease, despite the fact that this is the whole purpose of the new ruling.

Surely better and more flexible transitional arrangements could have been made?

R. L. Sadler.
8, *Northumberland Avenue,*
*Hornchurch, Essex.*

## Depletion Day

*From Mr. J. Goodland.*

Sir,—Mr. Buckley (November 27) deliberately confuses my estimate of just over 1,000bn. cubic metres of total natural gas reserves (of which some 700bn. only are under contract to British Gas) with the Government estimate of proven reserves (815bn.) and then misquotes me.

I would be curious to know if anyone else supports my contention that "the rapid depletion of indigenous natural gas for crude heating purposes was damaging the country's economy and debilitating the coal, nuclear and electricity industries."

Can we for instance still *afford the £1.5bn. BGC claims* it needs over the next five years (most of which will have to be borrowed overseas) to transmit northern North Sea supplies to the market? This conflicts with the urgent need to reduce our public sector borrowing requirement.

Now that oil and coal (and hence electricity) prices are again about to accelerate rapidly, gas will become (comparatively) even cheaper. Sales will undoubtedly increase. Reserves will thus be depleted faster. Depletion Day will come even sooner.

John Goodland.
*Down House,*
*Pyleigh, Taunton,*
*Somerset.*

## Withholding funds

*From Mr. R. Adam.*

Sir,—The practice of companies delaying the payment of interim dividends is, regrettably, becoming more widespread.

Turner and Newall reported for the first half of 1976 on September 7 and yet shareholders have to wait until January 7 for their dividend. Likewise, London and Northern announced its 6 months results on November 18 but members will not receive their interim payment until February 28, 1977. Doubtless there are many other similar examples.

As the term implies, it is only reasonable to expect interim dividends to be paid during the financial year of the company concerned not, as is now the custom, well after the close of the 12 months accounting period.

It is bad enough having to suffer dividend limitation without the extra hardship experienced when companies withhold shareholders rightful funds.

R. D. Adam,
8, *Makins Road,*
*Henley-on-Thames,*
*Oxon.*

## The accounting debate

*From Mr. C. Hermon-Taylor*

Sir,—It is quite amazing that there still seems to be room for inconclusive debate in relation to the various proposals for inflation accounting. There are two main areas of reasoning to support this view.

The debate must surely have highlighted the fundamental dishonesty of our rulers which should have led to the conclusion that they should change their ways rather than have them reconciled and . . .

The debate has demonstrated that any scheme would be based on estimates, unreliable statistics, international market force irregularities and would, like other forms of bad and unworkable taxation be "not certain" so allowing further room for manoeuvre by embezzlers of whom the most notable would be our rulers.

Must we continue to allow ourselves to be duped by the apparently well-meaning crook which we choose to call "our Government"?

C. G. Hermon-Taylor.
*Turks Hill, Bentley, Hampshire.*

# To-day's Events

**GENERAL**

Two-day EEC summit meeting ends, The Hague.

M. Michel d'Ornano, French Secretary of State for Industry, ends two-day talks in London held at invitation of Mr. Anthony Wedgwood Benn, Energy Secretary, and Mr. Eric Varley, Industry Secretary.

Mr. Edmund Dell, Trade Secretary, meets delegation from London Chamber of Commerce to discuss likely effects of import controls on U.K. exports.

Race Relations Board annual report published.

Society of Business Economists one-day conference on Economic Outlook for 1977, Royal Garden Hotel, W.8.

Study day on development cost and delays, organised by Hillier Parker May and Rowden and Slough Estates, at which Sir Frank Layfield will chair panel examining views of those contributing to development process, Dorchester Hotel, W.1.

Commonwealth Science Council meeting continues, Colombo.

Council of Copper Exporting Countries meeting continues, Santiago.

Sir Robin Gillett, Lord Mayor of London, attends Royal Society dinner, Dorchester Hotel, W.1.

British Film Institute annual meeting, RIBA, Portland Place, W.1.

**PARLIAMENTARY BUSINESS**

House of Commons: Debate on Queen's Speech—economic affairs. Government speakers are Mr. Denis Healey, Chancellor of the Exchequer, and Mr. Michael Foot, Leader of House. Sir Geoffrey Howe and Mr. Francis Pym speak for Opposition.

Commons Select Committees (meeting in public). Nationalised Industries (Sub-Committee A). Subject: British Rail. Expenditure (Trade and Industry Sub-Committee). Subject: The Fishing Industry.

House of Lords: Debate on Queen's Speech—economic and home affairs.

**OFFICIAL STATISTICS**

Bricks and cement production (October). Housing starts, completions and grants (October, provisional).

**COMPANY RESULTS**

Airfix Industries (half-year). International Computers (Holdings) (full year). Rothmans International (half-year). Scottish and Universal Investments (half-year). Swan Hunter Group (half-year).

**COMPANY MEETINGS**

*Copson (F.)*, Walmley, Sutton Coldfield, 12.30. Lowtex, Manchester, 12. Photo-Me, Cobham, Surrey, 3.

**OPERA**

Royal Opera production of Troilus and Cressida, Covent Garden, W.C.2, 7.30 p.m.

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| £1 | £41·58 | £76·35 | £196·81 |
| £2 | £83·17 | £152·69 | £393·61 |
| £4 | £166·33 | £305·38 | £787·22 |
| £8 | £332·66 | £610·76 | £1,574·44 |
| £16 | £665·33 | £1,221·52 | £3,148·88 |
| £32 | £1,330·66 | £2,443·04 | £6,297·76 |
| £64 (Husband & wife) | £2,661·32 | £4,886·08 | £12,595·52 |

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# COMPANY NEWS + COMMENT

## Marshalls (Halifax) ahead 16% so far

WITH TURNOVER up 18 per cent. in the six months to September 30, 1976 taxable profit of Marshalls (Halifax) finished £137,000 ahead at £991,000, an advance of 16 per cent. over the corresponding period.

Mr. David Marshall, chairman, says that he anticipates that profits for the full year will show an increase over last year's £1.66m.

First half earnings are up from *7.77p to 8.2p per 25p share and* the net interim dividend is held at 0.975p, costing £51,000 (£46,000) excluding waivers on 613,330 (746,558) shares. The directors intend to pay a maximum permitted final dividend—last year's was 3.736p.

| | Six months 1976 £000 | 1975 £000 | Year 1975-76 £000 |
|---|---|---|---|
| Sales | 9.733 | 8.229 | 16.086 |
| Concrete, etc. | 6.318 | 5.192 | 9.596 |
| Engineering | 3.418 | 3.037 | 6.110 |
| Trading | 1.113 | 971 | 1.549 |
| Concrete, etc. | 714 | 630 | 937 |
| Engineering | 401 | 341 | 592 |
| Interest | 124 | 117 | 153 |
| Profit before tax | 991 | 854 | 1.664 |
| Taxation | 492 | 415 | 805 |
| Net profit | 499 | 439 | 858 |
| Minority profit | 71 | 13 | 22 |
| Extraord. credits | *42 | †35 | †1 |
| Attributable | 540 | 392 | 833 |

* Adjustments arising from currency realignments. † Debit.

Mr. Marshall reports that all sections of the group showed increases in sales and profits in the first half.

The concrete division continues to advance in the face of increasing difficulties, relatively high efficiency in both management and marketing being an inestimable advantage.

*Each of the companies compris*ing the engineering division is enjoying a healthy demand for its products. The increased profits are being aided by continuing and expanding success in export markets. With healthy order books there is a great confidence in the future performance of this division.

The financial position of the *group is strong and the directors* are investing in new plant and developments to ensure that the group maintains and improves its competitive position throughout all its varied activities.

### ● comment

With order books full to next March, the engineering divisions of Marshalls look set to continue their 17½ per cent. profit growth into the second half. This is before taking into account the fact that *roughly* two-thirds of sales are exports—generating useful reserves for future capital investment programmes. The market reacted to the good news with a 3p share price rise to 62p, since the engineering growth more than offsets the clouded prospects for the concrete side. So far, in the second half, it has been the wet weather rather than *the economy* which has been holding back concrete sales, and the company expects second-half figures about the same as last year's. Together, the two divisions should generate profits some 12 per cent. up on last year at over £1.8m. On the promised maximum dividend this would yield 13 per cent.

## HIGHLIGHTS

Lex takes a look at the preliminary results from **A.N.Z. Group Holdings** which shows operating profits after tax some 61 per cent. higher in sterling terms but only 35 per cent. in Australian Dollars; local shareholding is now up to 20 per cent. against nearer 3 per cent. before the scheme of arrangement. Elsewhere, **Chamberlain Phipps** has made a good first-half recovery with exports and the overseas companies making the running. Recovery is also the story at **James Cropper** where the company has moved out of the red and a return to more normal seasonal patterns should be seen in the latter half. Thanks to the strength of the engineering division **Marshalls (Halifax)** has shown a steady first-half growth that should be maintained in the second six months.

## Home Brewery advance

TRADING profit of Nottingham-based Home Brewery Company, increased from £2.59m. to £2.87m. in the year ended September 30, 1976. Other income was steady at £424,000 against £421,000.

A net final dividend of 3.37p lifts the total from 3.7p to 4.07p.

| | 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| Trading profit | 2,868 | 2,590 |
| Other income | 424 | 421 |
| Surplus disposal assets | 302 | 42 |
| Taxation | 1,699 | 1,510 |
| Net profit parent | 1,390 | 918 |

## J. Cropper back in profit

Paper manufacturer *James Cropper has swung back into* profit with a pre-tax figure of £12,173 for the half year ended October 2, 1976. This represents a return from a loss position midway last year of £168,789, followed by a full-time loss of £201,878. In 1974, there was a record profit of £309,579.

The directors state that the trading position has improved since the half-way stage but there still does not seem to be any real recovery in the paper trade.

The interim dividend is 0.25p *(nil)* net per 25p share. Last year's total was 0.25p.

| | Half year 1976 £000 | 1975 £000 |
|---|---|---|
| Sales | 3,869 | 2,792 |
| Trading profit | 74 | *112 |
| Interest | 94 | 37 |
| Asset sales | 32 | Nil |
| Pre-tax profit | 12 | *169 |
| Transfd. from tax a/c | 6 | †88 |
| Leaving | 5.5 | 81 |

* Loss. † To tax account.

The improvement in the results reflects savings in costs and improvements in efficiency that the company has made in the past year, the directors add.

### ● comment

The return to profits could well mark the beginnings of a substantial recovery at James Cropper. The £180,000 turnround in the fist half was largely due to more efficient use of raw materials and higher exports (21 per cent. of order intake this time against 12 per cent. in the *last full year). Moreover, fur*ther progress should be seen in the second half as the normal seasonal pattern returns. Beyond that, expenditure to reduce fuel and production costs should bear fruit in 1977-78. In particular, improvements on the No. 3 machine will enable all the paper-making capacity to be concentrated at one mill instead of two. *The shares at 20p have discounted* a recovery and on the basis of last year's nominal dividend yield only 1.9 per cent. However, it should not be too long before dividends return to the 1974 level, making for a yield of 13.8 per cent. Even this level may not seem very attractive but the cost of such a dividend would be only £29,000. Market capitalisation is *£320,000 against net worth* of about £1.5m. and capital expenditure over the past two years has amounted to £0.8m.

## Bank and Commercial £2.8m. loss

After losses on extraordinary items of £2,266,522, Bank and Commercial Holdings reports a group loss fo the year to March, 1976 of £2,835,847 (1975 loss £950,883). There is again no dividend.

The loss is arrived at *after all* charges including tax credits of £90,903 (£44,317). Turnover was £1.4m. (£1.2m.).

The increased loss for the year contrasts with the improved position at the interim stage when the deficit was £379,514 compared with the previous year's £1.2m. loss at half-way. The interim figure included a capital loss of £102,931 on exchange arising from Siss Franc loan of £1.2m.

Freddie Mansfield

Mr. Michael Montague, chairman of Valor, who reports an improvement in the first half results.

## DIVIDENDS ANNOUNCED

| | | Current payment | Date of payment | Corresponding div. | Total for year | Total last year |
|---|---|---|---|---|---|---|
| Chamberlain Phipps | int. | 0.45 | Jan. 6 | 0.45 | — | 1.74 |
| Duncan and Goodricke | int. | Nil | — | Nil | — | 10 |
| Fourth City and Comm. | | Nil | — | 0.65 | Nil | 0.65 |
| Home Brewery | | 3.37 | — | 3 | 4.07 | 3.7 |
| James Cropper | int. | 0.25 | Dec. 18 | Nil | — | 0.25 |
| Leisure Caravan | int. | 2.15 | Jan. 7 | 1.67 | — | 4.82 |
| Marshalls (Halifax) | int. | 0.98 | March 31 | 0.98 | — | 4.71 |
| Matthew Brown and Co. | | 2.6† | — | 1.98 | 3.51 | 2.81 |
| Park Place | | 0.43 | Dec. 30 | Nil | 0.43 | Nil |
| Phoenix Mining | | 0.38 | Jan. 31 | 1.5 | 0.38 | 1.5 |
| Prop. & Reversionary | int. | 2 | Jan. 17 | 2 | — | 42 |
| Renong Tin | | 3.5(a) | Jan. 19 | 10 | 5 | 12 |
| Silkolene Lubricants | int. | 0.56 | Jan. 7 | 0.51 | — | 1.79 |
| Stag Line | | 6.88 | Dec. 31 | 5.92 | 10.36 | 9.42 |
| Tomkinsons | | 3.68 | — | 3.68 | 3.68 | 3.68 |
| Valor | int. | 0.64 | — | 0.64 | — | 1.77 |

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

## Chamberlain Phipps midterm recovery

REPORTING A jump from £227,000 to £835,000 in pre-tax profits for the six months to September 30, 1976, Mr. W. R. Chamberlain, chairman of Chamberlain Phipps, says the recovery should continue in the second half. Profits for the year to March, 1976, were £693,000, compared with £1.28m. for 1974-75, and a record £1.85m. for 1973-74.

First-half earnings are shown to be up from 0.13p to 1.7p per 10p share. The interim dividend is held at 0.448p net. Last year's final was 1.29296p.

| | First half 1976 £000 | 1975 £000 | Year 1975-76 £000 |
|---|---|---|---|
| Group turnover | 20,951 | 16,172 | 35,359 |
| Trading profit | 1,058 | 498 | 1,188 |
| Share associates | 20 | 9 | 25 |
| Interest payable | 243 | 260 | 528 |
| Profit before tax | 835 | 227 | 693 |
| Tax | 409 | 179 | 433 |
| Net profit | 426 | 48 | 260 |
| Minority interests | 41 | 14 | 46 |
| Extraord. charges | — | 177 | 1,389 |

Turnover increased by 19 per cent. in the U.K., exports increased by 76 per cent. and the overseas companies achieved an increase of 68 per cent. Profits improved most significantly in the shoe components division in the U.K. and overseas and in the general industries division. The interest in Chamberlain Plastics (Vacuumtechnik) has been reduced to 5 per cent. of the equity.

### ● comment

Chamberlain Phipps has made an impressive recovery, with pre-interest margins climbing back to 5.2 (3) per cent. and pre-tax profits rising to within £33,000 of the interim record. U.K. sales have shown a steady advance, but exports and sales by overseas companies (up by 76 and 67 per cent. respectively) have really set the pace of the recovery. Also Faire Bros. has made a positive contribution, while the loss-making German metallised paper operation has been sold-off except for a 5 per cent. stake. Because of sterling's weakness Chamberlain could no longer support that subsidiary, even though its trading prospects are evidently sound. In the second half, sales to the U.K. footwear industry (40 per cent. of turnover) have picked up and buoyant export demand for leather board and rubber soles has even created a capacity problem. Also metallised film for car trims is showing rapid export growth. So, despite higher interest in the second half (borrowings are still around £4m.) Chamberlain should recover to around £1.8m. pre-tax this year. At 21½p the shares on a p/e of 5¼ and a yield of 12¾ per cent. still have some way to go to catch up with events, though beyond this year any downturn in consumer spending could take the edge off of the trading performance.

## Silkolene Lubricants downturn

Turnover of Silkolene Lubricants increased from £3.01m. to £3.4m. in the first half of 1976, but pre-tax profits fell from £367,206 to £187,226. Profits for all 1975 reached £770,000.

The directors say that during the early part of the year margins were seriously reduced but latterly there has been quite a considerable improvement which they hope will continue and enable the company to recover some of the lost ground. The new refining plant is undergoing commissioning trials, they add.

The interim dividend is raised from 0.51p to 0.561p net per 10p share. Last year's second interim was 1.275p.

## Hill Samuel Mutual Prop.

Net assets of the Hill Samuel Mutual Property Fund increased by £8m. over the year to September 20, 1976, to £31m., according to the latest report on the fund. The value of the property portfolio increased by £9m. to £28m. comprising 30 per cent. shops, 49 per cent. offices and 14 per cent. industrial. The unit price over the period rose from 98p to 106p. Net income for the year amounted to £2.19m.

The fund is designed to provide an investment in properties for superannuation funds and charities. Mr. D. S. Allison, the chairman, forecasts that rental income will rise to £3.35m. by 1983. He points out that during the year the recovery in value of good quality properties continued steadily as investment funds sought outlets via the limited supply of prime buildings.

## Movitex turns in £132,281

ON TURNOVER of £2.24m. compared with £2.3m., pre-tax profits of plastic and specialised engineers Movitex jumped from £50,891 to £132,281 for the year to February 28, 1976.

At halfway reporting a fall from £94,400 to £50,165, the directors said the third quarter had shown an improvement and if this continued a final dividend would be paid.

They now tell members that while the group is more solidly based they feel that, with fears of further recession and in view of the current very high interest rates, it would not be prudent to recommend a dividend at this time.

After tax of £58,480 (£8,460) full year earnings are shown to be up from 0.88p to 1.5p per 10p share. Including a currency exchange profit of £35,394 (nil), the attributable balance is £67,329 against £39,491.

## Matthew Brown's £2.6m.

WITH £917,000, against £857,000 coming in the first half, brewers, etc., Matthew Brown and Co. lifted pre-tax profits from £2,085,000 to £2,600,000 for the 53 weeks ended October 2, 1976. At the time of the one-for-five rights issue in September a total of not less than £2.57m. was forecast.

Earnings are shown to be up from 7.07p to 8.94p per 25p share and, as promised, the final dividend is 2.6p net on the increased capital for a 3.51p (2.81p) total.

## Stag Line drops to £218,000

A STEEP fall in pre-tax profit from £469,336 to £217,946 is reported by the North Shields based cargo ship operators Stag Line, for the year ended October 31, 1976.

Though turnover was higher at £3.25m. against £2.93m. trading profit was cut to £48,681 (£279,393). Investment income was also down from £189,743 to £169,265.

The final dividend is raised by the maximum permitted to 6.88p (5.92p) net per £1 share making a total of 10.36p against last year's 9.42p.

| | 1976 £000 | 1975 £000 |
|---|---|---|
| Turnover | 3,250 | 2,928 |
| Trading profit | 49 | 280 |
| Investment income | 169 | 190 |
| Pre-tax profit | 218 | 469 |
| Taxation | 118 | 229 |
| Attributable | 100 | 231 |
| Dividends | 124 | 114 |
| From reserves | 23 | †114 |

† Retained.


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DOW BANKING CORPORATION LONDON

# …mkinsons profit …ps to £240,000

…in pre-tax profit at …anufacturers and …mkinsons (Holdings) …d. Though sales were …9m. against £8.92m., …own from £280,000 to … the year ended …976.

…the third year of …e pre-tax figure since …7,117 in 1973.

…per 25p share were …p from 4.8p but the … 53 weeks, is held at …ers on dividend pay- …it to £4,826.

…for depreciation …o £286,000 against …year. The tax charge …148,000).

| | 53 wks. 1975-76 £000 | 52 wks. 1974-75 £000 |
|---|---|---|
| | 9 494 | 8,922 |
| | 296 | 235 |
| | 242 | 281 |
| | 5 | 7 |
| | 7 | 8 |
| | 200 | 280 |
| | 117 | 129 |
| | 19 | 17 |
| | — | 2 |
| | 104 | 132 |
| | 104 | 104 |
| | 4 | 10 |
| | 4 | 73 |
| | 290 | 273 |

## BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

**TO-DAY**

Interims—Airfix Industries, Bulmer and Lumb, Daily Mail and General Trust, Elliott Group of Peterborough, W. Henshall, Rothmans International, Scottish and Universal Investments, Swan Hunter, Tecalemit, R. Kelvin Watson.

Finals—Ashbourne Investments, International Computers, William Jacks, Titaghur Jute Factory.

**FUTURE DATES**

| | |
|---|---|
| Interims— | |
| Castings | *Dec. 7 |
| Churchbury Estates | Dec. 7 |
| English Card Clothing | Dec. 8 |
| Fairey | Dec. 1 |
| London Asiatic Rubber and Prod. | Dec. 6 |
| Shaw and Marvin | Dec. 6 |
| Finals— | |
| Castlefield (Klang) Rubber | Dec. 9 |
| Charterhouse Group | Dec. 16 |
| Evans (Frederick W.) | Dec. 8 |
| Jokai Tea | Dec. 1 |
| Lonrho | Dec. 2 |

* Amended.

It will be necessary to increase the authorised capital and subject to the necessary approvals, it is intended to arrange a scrip issue within the next 12 months.

For the year ended September 30, 1976, group revenue before tax increased from £182,410 to £204,261. Net asset value per 25p share showed a rise from 174½p to 182½p.

Meeting, 44, Bloomsbury Square, W.C., December 20 at 2.30 p.m.

## …Place …ments …rise

…he rise from £24,000 …he first half, profits …Park Place Invest…ed from £85,000 to …e year ended June

…is returning to …h a final of 0.43p …payments were in …period of 1973-74. …has interests in …ning, management …nancial services and

| | Year 1975-76 £000 | 1974-75 £000 |
|---|---|---|
| | 184 | 172 |
| | 107 | 100 |
| | 34 | — |
| | — | 13 |
| | 131 | 85 |
| | 48 | 41 |
| | 53 | 44 |
| | 9 | 279 |
| | 74 | †197 |
| | 20 | — |

## Upward trend continues at Morland

During October sales by brewers, etc., Morland and Co., continued their upward trend. The soft drinks factory increased its production by 13.8 per cent. following last year's 34 per cent. advance but bottled beer and spirit sales declined which is the general pattern through the country.

As reported on November 18, pre-tax profits rose from £0.54m. to £0.7m. in the year to September 30 and the dividend is 11.15p (10.134p) net.

Sir Randle Feilden, chairman, says that although there are many factors that contribute to a year's results, it has been clearly shown again that a long hot summer is of real benefit. Extra effort was made to keep pace with demand and customers were kept reasonably well supplied throughout the exceptional summer and the whole year.

When the half-yearly results were announced the Board said that the higher profit was mainly due to a large increase in the sales of cask conditioned draught beers. This pattern continued during the year and ran at 15.9 per cent. above the exceptional figure for 1975.

As at November 17 Whitbread Investment Company held 39.32 per cent. of the equity.

Meeting, Abingdon on December 21 at 12.30 p.m.

## …ian …al …laced

…ead of investments …d General Securi…otect the revenue …rovide some pre…apital values, Mr. …s, chairman, says …eport.

…consider it appro…mend an increase …pital to over £1m., …may qualify as a …estment.

## Cornercroft Board asks for support

A director of Cornercroft, Mr. James Mead, has written to shareholders condemning a recent circular from Mr. Denzil How as "misleading and inaccurate."

At an extraordinary meeting convened for December 16, Mr. How is proposing to remove the chairman Mr. Hartwell, and appoint himself and two colleagues as directors.

Mr. Mead says: "The attempt to seize control of your company by this small group must, in the interests of both shareholders and employees alike, be firmly resisted. The implications if you as shareholders were to support the requisitionists could, in the view of your Board and your company's advisers County Bank, be grave for your company.

"I know that you would expect your Board to give you full and adequate reasons why we should ask you for your support at this time and we shall be sending you a detailed letter which will contain an estimate of the profits for the year ended September 30, 1976, and your Board's recommendations in respect of the final dividend, as soon as possible."

## Expanded Metal's new subsidiary

Expanded Metal Co. announces that a new wholly owned subsidiary Expamet Explosafe has been formed.

The new subsidiary will market the internationally patented Explosafe system in the U.K., a large part of the EEC and other selected countries.

## Progress at Gartons

In his annual statement Mr. Peter Darlington, chairman of agricultural seedsmen Gartons, tells members that the trading company, Peter Darlington Partners is again expanding but upon a broader base of activities and products.

During the year to April 30, 1976, it doubled the turnover of Diagram fertiliser and seeds. The management of this project has been further strengthened and current sales are well ahead of last year.

In 1974-75 the company's plant breeding establishment in Cheshire was sold. To replace the Cheshire site a farm of 88 acres has been acquired close to Southport, which will eminently suit the purpose of Gartons Agram, giving the necessary facilities to extend the trials and plant breeding work.

The multiplication of the company's potato variety, Estima, is gathering pace, and will contribute increasingly to profitability, adds the chairman.

As reported on November 8, pre-tax profits jumped from £19,783 to £37,856 in 1975-76, including extraordinary credits of £8,115 (£11,662). There have been no Ordinary dividends since 1968-69 and no Preference dividends since 1973-74. Accumulated losses to be carried forward stood at £208,456 (£235,007) at the year end.

Meeting, Southport, on December 20 at 11 a.m.

## Fourth City & Commercial

Income again declined sharply for Fourth City and Commercial Investment Trust from £10,946 to £4,549 for the year ended June 30, 1976. This was the third annual fall since a high of £36,246 in 1972-73.

After tax of £816 (£584) profit showed some improvement to £1,317 against £100 for the same period of last year.

Earnings per 10p share, based on pre-tax net revenue, was 0.38p (0.12p). No dividend is to be paid. Last year's payment was 0.65p net.

The company does not qualify as an investment trust for tax purposes.

## …T ISSUES

### EQUITIES

| 1976 High | 1976 Low | Stock | Closing Price | + or — | Div. Amount | Times Covered | Gross Yield | P/E Ratio |
|---|---|---|---|---|---|---|---|---|
| £317½ | £251½ | Eomark $US1 | £287½ | ...... | U$1.67 | — | 3.0 | |
| 307½ | 291½ | Utd.TechnologiesUS$ | £30 | +1½ | Q$1.20 | — | 2.5 | |
| 197 | 125 | Willis Faber 25p | 185 | —2 | 97 0 | 2.4 | 5.9 | 10.8 |

### …XED INTEREST STOCKS

| 1976 High | 1976 Low | Stock | Closing Price | + or — |
|---|---|---|---|---|
| 115¼ | 111½ | Essex Water 9% Red. Pref. 1982 | 113¼ | +¼ |
| …10 | $98½ | Kockums Mek 8% Guar. Notes 1983 | $98½ | ...... |
| …KD | …EKD | Korea Development Bk 8½% Guar. Bonds 1979 | 98¾KD | ...... |
| $100 | $98 | Midland Int. Fin. 8¾% Guar. Bds 1986 | $98 | —½ |
| 71 | 70 | Newman Inds. 10% Cum. Pref. | 70 | ...... |
| …s99½ | $98 | Nova Scotia (Prov. of) 8% Db. 1983 | $c99 | ...... |
| …99½ | $98 | Sth. of Scotland Elec. 8¼% Guar. Notes 1981 | $99 | ...... |
| …99½ | $98 | Sodra Skogsagarna 9½% Guar. Bds. 1986 | $99 | ...... |
| 105¼ | 101½ | Tendring Hundred W'wks 9% Red. Pf. 1981 | 104¼ | ...... |
| 75½ | 71 | Willis Faber 7% Cum. Pref. | 71 | —4½ |

### "RIGHTS" OFFERS

| Latest Renunc. date | 1976 High | 1976 Low | Stock | Closing Price p | + or — |
|---|---|---|---|---|---|
| — | 11½ | 4 | Assoc. Engineering | 10pm | —½ |
| 5/12 | 560 | 400 | Broken Hill Props. | 405pd | ...... |
| 7/1 | 1½ | ½ | Cray Electronic | 1pm | ...... |
| 11/12 | 42 | 26 | Fairbairn Lawson | 31 | ...... |
| 17/11 | 131 | 119 | General Accident | 134 | +3 |
| 10/12 | 130 | 101 | Howden (Alexander) | 127 | —1 |
| 17/12 | 65 | 42 | National Bank of Australasia | 32pm | —5 |
| | 197 | 136 | Western Mining | 158 | ...... |

…te usually last day for dealing free of stamp duty. a Placing … Figures based on prospectus estimate. d Dividend rate paid or …apital, cover based on dividend on full capital. p*** Pence …dicated. u Forecast dividend: cover based on previous year's …res based on prospectus or other official estimate for 1976. …ssumed. ‡ Cover allows for conversion of shares not now ranking …ranking only for restricted dividends. ** Issued by tender. …s of Ordinary shares as a "rights." ♥ 290 S.Afr. cents. ★ Rights …ation. †† Tender allotment price. ◆ Reintroduced. †‡ Issued in …rganisation, merger or take-over. ♣ Introduction. ♠ Issued to …holders. ‡ Allotment letters (or fully-paid). † provisional or …t letters. $ With warrants. ф After suspension. KD Kuwait Dinar.


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# Midway advance for Valor

TURNOVER OF heating and cooking appliance manufacturers, Valor Company expanded from £13.03m. to £14.64m. in the 28 weeks to October 3, 1976, and pre-tax profits advanced from £203,663 to £259,217 including investment income of £1,757 against £2,037.

After tax of £103,892 compared with £51,060, basic earnings are shown to be up from 1.04p to 1.07p per 25p share and fully diluted from 1.3p to 1.33p. The interim dividend is held at 0.638p net. Last year's total was 1.771p paid after pre-tax profits of £0.83m.

The directors say that prospects overall for the company are looking a little better. The group has mastered most of the problems it has been experiencing, though in the current economic environment, "optimism must be tempered with caution."

## Progress on EPIC's Brussels development

At yesterday annual meeting of Estates Property Investment, the chairman, Mr. C. N. Knight, said that negotiations concerning the Brussels development had progressed to the point where they were now verbally informed that the EEC Commission had decided to lease almost the whole of the building being erected on their site as a conference hall centre. This arrangement has the approval of the Belgian Government.

Final details of planning arrangements for the Halls and the various conditions of the lease were still being worked on and the confirmatory written decision of the Commission had been promised before Christmas.

Immediately this was available, the conditions for implementing the agreement for sale of 90 per cent. of EPIC's interest in the development could be met and completion of the sale could be expected early in 1977.

The company's major partners in the enterprise would then become two of the largest Belgian contractors, Ed. Francois et Cie. and Delens, together with a Brussels financial group with international backing.

"I anticipate that the sale proceeds receivable will be sufficient to enable us to discharge the whole of our franc borrowings," Mr. Knight added.

## Leisure Caravan interim up

IN THE light of the August forecast of increased profits for the current year and management figures to date, the directors of Leisure Caravan Parks are declaring a higher interim dividend of 2.151p net.

Pre-tax profits for the year to February 28, 1977, have been forecast to be not less than £1.5m. compared with £1.19m. in 1975-76.

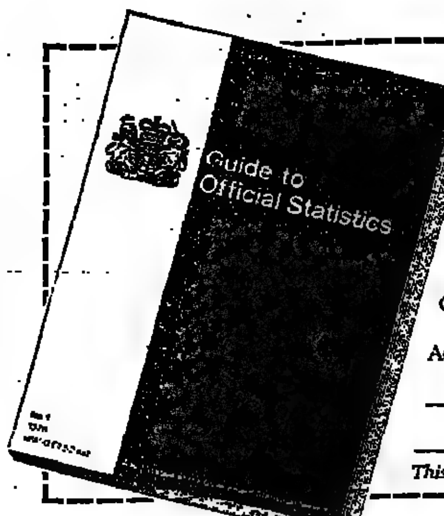
A final dividend will be recommended when the full year figures are available, but it is anticipated that it will be a maximum permitted 3.149p (same). The previous total was 4.819p.

## Property and Reversionary ahead mid-way

For the half year ended September 30, 1976, pre-tax profits of the Property and Reversionary Investment Corporation rose from £408,125 to £468,809. Gross rental income was £627,326 against £567,221.

Earnings per 25p share are 3.5p (3.1p). The net interim dividend is again 2p—the previous total was 4.2p, from pre-tax profits of £799,844.

Tax charge in the first half is £220,324 (£183,803) leaving net profit at £248,485 against £224,322.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MINING NEWS

# Australia's mines get a profits boost

BY KENNETH MARSTON, MINING EDITOR

AUSTRALIA'S devaluation, the possibility of which was mentioned in Saturday's mining column, is going to provide a boost to revenue of the mineral exporting companies, most sales contracts of which are written in U.S. dollars. The move, which is equivalent to a rise in Australian dollar prices for metals comes at a time when profit margins are being squeezed by advancing costs.

Against a background of none too buoyant world prices, the nickel and copper producers, such as Western Mining and MIM Holdings will now be breathing sighs of relief. So, too, will be the Consolidated Gold Fields' group's Tasmanian copper company, Mount Lyell, which announced earlier this month that it was closing down part of the operation in an effort to reduce losses.

Major beneficiaries will include, of course, the big iron ore operations in the Pilbara where U.K. groups such as Rio Tinto-Zinc, Consolidated Gold Fields and Selection Trust are represented. What remains to be seen, however, is how much of the increased export mineral revenue benefits for Australia's mines will be eroded by further inflation and by demands from the labour unions for their share of the cake.

The 17½ per cent. devaluation could also make Australian mining projects more attractive to overseas capital but, by the same token, those Down-Under companies with overseas loans will find a heavier burden of repayments. The deal also cuts both ways as far as the U.K.-registered companies with Australian interests are concerned.

Profits and dividends remitted from Australia will now have a lower value in terms of sterling as a result of the change in the exchange rate. However, this should be offset to varying degrees by increases in Australian profits and dividends. On balance the Gold Fields group reckons to be better off.

RTZ anticipates a "slight reduction" in this year's sterling profits from the group's operations in Australia but reckons that there could be an overall gain in 1977 when the full benefits of devaluation make themselves felt. Meanwhile, the Conzinc Riotinto of Australia arm should see an exchange gain in its revenue from the Bougainville copper-gold mine in Papua New Guinea now that the latter country has devalued only to the extent of 7.25 per cent.

Overall, the Australian devaluation should provide real encouragement to the Commonwealth's mining industry. What is needed now is a follow-up in the shape of helpful mineral policies from the federal government which is slowly moving in the right direction after the repressive actions of the previous administration.

EARNINGS ESTIMATES

Meanwhile, it is already being forecast by the leading Melbourne stockbrokers, Potters Partners, that devaluation could mean a 137.5 per cent. rise in profits of MIM Holdings which yesterday adjusted its copper price from $A1,040 to $A1,180 per tonne.

They anticipate a 125 per cent. profit gain for Western Mining which has been stockpiling nickel in recent months and an increase of 99 per cent. in earnings of the RTZ group's Hamersley iron ore operation. Profit increases ranging from 27.8 per cent. to 63 per cent. are seen for Comalco, AM and S, Utah and Bougainville while Conzinc Riotinto of Australia is estimated to lift earnings per share from 19.3 cents to 33.8 cents.

Not surprisingly, mining issues staged a sharp advance on the Sydney Stock Exchange yesterday with the result that the metals and minerals index jumped 298.18 to 2,177.09, the move being largely responsible for a 24.35 rise to 429.24 in the all-ordinaries index. In London, on the other hand, Australian share prices were marked down as a result of the new currency re-alignment. Most affected were Pancontinental which dropped 75p to 773p: in Australia overnight the shares had risen 80 cents to $A8.80.

## VULTAN IS READY FOR NEW DEAL

Pursuing a policy of diversification into energy resources, Vultan Minerals, the Australian company which was born in the days of the Poseidon nickel boom, has gained official approval to build up its shareholding in the American oil, gas and uranium group, Reynolds Diversified Corporation.

At the annual general meeting yesterday, the Vultan chairman, Mr. H. J. Ward, said that Reserve Bank of Australia permission had been received for an increase in the holding to 25m. shares. At present Vultan holds 14.9m. shares, or 25.2 per cent., of Reynolds.

Reynolds is seeking funds to search for uranium in the U.S. after having some success in finding oil and gas. It has already distributed reports in English and Arabic.

But Mr. Ward was careful not to make any commitment about Reynolds. The official permission "in no way pre-supposes that such shares will be taken up," he said. "The authority will be utilised after careful assessment should Reynolds offer such an opportunity to Vultan." Such a move would have to be in the best interests of shareholders.

In London yesterday Vultan were 6p and Reynolds 3½p.

## BLUE SPEC SEEKS NEW RESERVES

Results of an underground drilling programme aimed at finding reserves to extend the life of the Blue Spec gold-antimony mine in Western Australia should be known in the New Year. This was stated yesterday by the chairman of Metramar Minerals, Mr. Tony Motion. Metramar is a partner in the venture with Australian Anglo American and Australian Consolidated Minerals.

"At this stage there is no geological reason for assuming that gold-antimony mineralisation does not continue at depth. Equipment is being mobilised on the site this week," Mr. Motion told shareholders at the Metramar annual general meeting. At present rates of extraction the life of the small Blue Spec mine is 28 months, according to Metramar's latest annual report.

At present prices Blue Spec is making an operating profit before depreciation and the amortisation of capital expenditure. The mining rate has reached 100 tonnes a day, as planned in the feasibility study. Metramar were 20p yesterday.

## CONTROL BATTLE AT WESTRALIAN

The struggle for control of the Australian beach minerals producer, Westralian Sands, was not resolved at the annual general meeting in Perth. About 400 shareholders present found that although the proxy voting battle was over, they will have to await a poll supervised by the accountants, Coopers and Lybrand.

In the summer Mr. Tom Cook was deposed as chairman and a struggle for control developed between those directors favourable and those antagonistic to him. One of the main issues has been the connection of Westralian with Lennard Oil.

The present chairman, Mr. Arthur Keats, told shareholders that Westralian, like other beach minerals producers, was facing spiralling costs and difficult markets. The company was operating profitably but the fall in prices, particularly for zircon was affecting earnings adversely. The shares were 25p yesterday.

## Ayer Hitam's life estimate

ECONOMIC ore reserves currently held under mining title by Ayer Hitam provide the Malaysian tin producer's dredges with working lives ranging from about five to eight years. Stating this in the annual report the chairman, Mr. John Richardson, points out that these estimates are based on variable factors such as operating costs and metal prices and alterations to mining plans.

Although Ayer Hitam's tin concentrate production for the past four months of the current financial year to next June amounts to 1,756 tonnes compared with only 668 tonnes in the same period of last year, the 1976-77 total is expected to be lower than that of 1975-76.

Mr. Richardson explains that the No. 2 dredge, which was not operative for a large part of the quarter ended September 30, 1975, will soon pass out of its exceptionally rich mining area and that the Nos. 1 and 3 dredges are coming up for short routine shut-downs. As already announced, Ayer Hitam has estimated a net profit for the current year of £2.1m. compared with £2.7m. in 1975-76. The shares were 330p yesterday.

## AUSTRALIA SEEKS IRAN VENTURES

A delegation from the Australian mining industry is in Iran examining the possibility of co-operation with local interests in minerals prospecting and exploitation. The Australians are specifically concerned with uranium, bauxite, phosphate, zinc, lead and iron ore, according to reports from Tehran.

The mission will be in Iran for 11 days and will be visiting local mines. The supply of machinery and equipment, as well as the provision of technical services, are among the delegation's concerns.

The Australians have expressed their readiness to enter joint ventures and are understood to be prepared to invest in aluminium smelting projects.

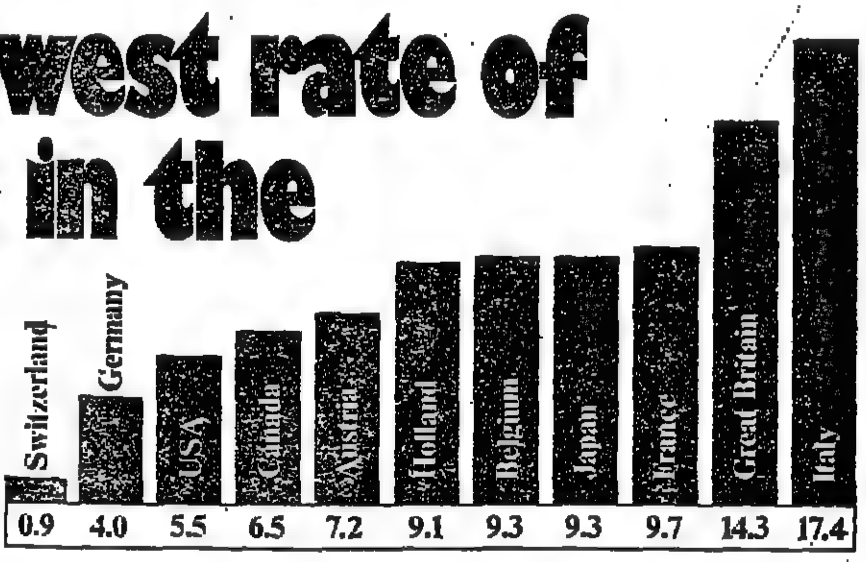
Iran has just signed an agreement with the Soviet Union for the building of a $600m. (£364m.) alumina plant to be built with Soviet technology. The planned capacity is 500,000 tonnes a year with the capacity to expand to 1m. tonnes.

## MINING BRIEFS

GOLD AND BASE METAL MINES OF NIGERIA—October output of concentrates (75 per cent. grade): Tin 27 tonnes, columbite nil. Ten months to date: Tin 250 tonnes, columbite 64 tonnes. Same period last year: Tin 312 tonnes, columbite 5 tonnes.


## The Union Bank of Switzerland Announces...

# 0.9% – lowest rate of inflation in the world

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The Swiss economy enjoys today the lowest rate of inflation of all industrial nations – the reason why the Swiss franc is so firm. A stable currency is one of the many benefits offered by the financial center of Switzerland, where the UBS is at home.

**International Expertise**
The stability of both the political and legal systems and the free movement of funds number among the advantages which reinforce the international standing of this financial center. Roughly one half of Union Bank of Switzerland's total assets originate from its international operations. As a full-service bank, it can apply international know-how and expertise to all investment and financing problems.

**Large Share of Bond Market Business**
During the first nine months of 1976, UBS participated in the placement of 30 international bond issues totalling more than $1,000 million, in which UBS took a share of $226 million. For 9 of these issues UBS acted as lead manager. It also participated in 36 private note placings for non-Swiss borrowers marketed during that period, acting as manager for 31 of these transactions. Its portion came to almost $968 million out of a total value of $1,500 million.

**New Euromarket Records**
On the Eurobond market the Bank has also further improved its strong position through its affiliates Union Bank of Switzerland (Securities) Limited, London, and UBS (Underwriters) Limited, Hamilton; Bermuda. The Euromarket record volume of 1975 has already been far exceeded by the business done in the first nine months of 1976. Total volume reached $9,000 million (all of 1975: $7,100 million), in which the UBS affiliates took an underwriting share of $418.6 million. They were lead managers of seven Eurobond issues and co-managers for 85 out of a total of 202 issues.

**Capital Resources Strengthened**
In line with the expansion of its business volume, which besides the underwriting activities was shown, above all, in the securities business and inflow of non-bank deposits, the Union Bank of Switzerland is strengthening its resources. As a result of the impending increase by Sfr. 100 million, share capital will amount to Sfr. 950 million (approx. $390 million). This raises total capital and reserves to Sfr. 3,100 million (approx. $1,230 million).

**Worldwide Services**
UBS is represented in all parts of the world through its branches, affiliated companies and representative offices in Bahrain, Beirut, Bogotá, Buenos Aires, Caracas, Chicago, Johannesburg, Hamilton (Bermuda), Hong Kong, London, Luxembourg, Madrid, Melbourne, Mexico, Montreal, Panama, New York, Rio de Janeiro, San Francisco, São Paulo, Sydney, Singapore, Tehran, Tokyo and Toronto.
Our newest representative office, opened in early November 1976, is ready to serve you in Abu Dhabi, capital of the United Arab Emirates.

**UBS Balance Sheet Highlights**

| | Dec.31,'75 | Sept.30,'76 in Mill.Sfr. |
|---|---|---|
| Total assets | 47,294 | 49,117 |
| Customer deposits | 26,351 | 27,617 |
| Bank deposits | 14,840 | 15,209 |
| Loans to customers | 18,627 | 19,955 |
| Loans to banks | 17,824 | 18,622 |
| Capital Resources | 2,548 | 3,100* |

* End of 1976

UBS

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# Concentric sees more progress

THE CHAIRMAN of Concentric, Mr. D. F. Dodd, says the company can look forward with confidence to further progress after making record pre-tax profit of £2.11m. last year.

The second half year results were better than the first, in spite of fewer working days, and the directors are satisfied that this trend is continuing, he says.

Of the £850,000 increase in profit £670,000 was derived from improved and more effective trading and £180,000 in reduced interest charges.

Over the past two years, liquid funds have increased by £1.79m. but after eliminating capital transactions, namely special asset disposals and rights issue less loan stock redemption, only a little over £400,000 has come from trading operations, and this is more than accounted for by the temporary deferment of tax.

All this emphasises that, with current rates of inflation, profits at least as high as the current level are essential for survival, Mr. Dodd comments.

During the year the increase in liquid funds was £885,000 compared with £903,000 in 1975. Fixed assets were £3.38m. (£3.28m.). Current assets rose from £11.55m. to £13.16m. while current liabilities were slightly down from £5.59m. to £5.52m.

As reported on November 12, the final dividend was raised to 1.445p (1.0875p) net per 10p share bringing the total for the year to 2.145p against 1.7875 last time. Earnings per share went up from 3.81p to 5.75p.

The company, of which S. W. Wood Group holds 2.46m. of the 15.1m. shares in issue, manufactures controls and assemblies for the domestic, automotive and engineering industries.

Meeting, Sutton Coldfield, December 22, at 2.30 p.m.

## Report on "Suits" dealings

By Margaret Reid

THE STOCK EXCHANGE Council will to-day consider the report of its high-level committee on share dealings in Scottish and Universal Investments by the chairman, Sir Hugh Fraser, and other directors.

It is widely expected that the report, the result of one of the most detailed and probing investigations ever undertaken by the Exchange, will be published. This could follow immediately after to-day's council discussion, though this is by means certain.

The inquiry has been conducted by a senior three-man committee of the Exchange under Mr. David Le Roy-Lewis, until recently a deputy chairman.

The investigation was set up in September following widespread anxiety among institutional investors about the misclassification as cash in Suits' 1975 accounts of £4.7m. of loans, £4.2m. of which was later written off.

The accounts revealed that Sir Hugh Fraser had sold 1.55m. shares in the previous 18 months and that smaller share disposals had been made by two other directors, Mr. Angus Grossart and Mr. Nicholas Redmayne.

# Fidelity Life scheme almost ready

BY ERIC SHORT

The High Court hearing of the liquidation petition of Fidelity Life has been adjourned until Wednesday. Then the counsel for Fidelity Corporation, the American parent of the company, hopes to ask for the dismissal of the petition pending the implementation of the rescue scheme.

It was revealed at the hearing that only a couple of minor points remain to be cleared up before complete agreement is reached on the proposed rescue scheme. This would pay 100 per cent. of contractual benefits to policyholders, and the company would be administered by Norwich Union Insurance Group.

Should the liquidation petition be dismissed, the Policyholders Protection Board is expected to send a letter within a day or two to all policyholders setting out the position and telling them the procedure concerning payments of premiums and claims.

The Board has been largely instrumental in drawing up the rescue scheme and in arranging interim payments at 70 per cent. on all contractual payments, such as annuities and death claims.

## DUNCAN AND GOODRICKE

East India merchants and managing agents Walter Duncan and Goodricke, has decided not to make an interim distribution in respect of 1976. Last year there was a single final payment of 10p net per £1 share.

An interim statement will be posted to shareholders on December 7.

## SIDNEY BANKS

At the annual meeting of Sidney C. Banks Mr. Joseph Godber, MP, chairman, said figures so far this year showed that the company had more than maintained its market share of grain.

The Board felt confident that last year's results would at least be equalled, he said.

# Winding-up orders

Orders for the compulsory winding up of 38 companies were made by Mr. Justice Slade in the High Court yesterday. They were:

D.C.B. Developments, Mellor Mineral Mills, Parkhamwood, Terry Kemp Services, T.L.M. (Builders and Shopfitters). New Town Company (Plant Hire).

Coltown, Abbotsview Properties, Black Point Trading Company, Fordcroft Caterers, Montabel Properties, Lent Rise Filling Station, Sommerville Building Services.

Clovella, Spectra Studio, Shore Schaffolding, Dick Bateson, Mendez of London, H.W. Carey and Sons.

John Power (S.P.), Rhys Howells Transport, Rossmoss, Credenda Haulage and Transport, R.T.C.S. (Holdings), R.A.B. Frozen Foods, Targa Promotions.

Barnie (Builders), H. Sayles and Son (Plasterers), Test Valley Confectionery, William Moxon and Sons, James Andrew Wise.

Munzig International, C.S.L. Electrics (Swansea), Earlsworth Properties, and Phillimore Western Construction Company.

## ORDER FOR SALE OF TANKER

An order for the sale of the 16,491-ton tanker Narada, now berthed at Bristol, was made by Mr. Justice Brandon in the High Court yesterday on the application of Bristol City Council.

The council, as port authority, is claiming £55,918 in harbour dues and the cost of skeleton manning of the vessel, now idle at a commercial berth at Bristol port. It was arrested in July for the second time.

The ship's owners, Narada Shipping Company of Panama, were not represented in court.

## Hartlepool rig yard closure put back

LAING OFFSHORE, a Hartlepool oil rig builder which made 1,800 workers redundant in July, is to extend its deadline for keeping the yard open on a care-and-maintenance basis.

The company, which intended to retain a skeleton staff until the end of this year, has now decided to keep the laid-up Graythorp yard open for at least another four months.

The company is in the running for a £40m. platform order from Conoco for the Murchison Field on which a decision is expected early next year.

## Plant contract for Wenvoe

A 25,000 square foot advance factory will be built by the Welsh Development Agency at Ty Verlon Industrial Estate, Barry.

Work will start this week on the advance factory — the first to be built in the area. Completion date is July 1977. The contract has been awarded to Wenvoe Construction, Cardiff.

## Trade mission trip to Japan

A PARTY of 15 North-West businessmen are off on a two-week trade mission to Japan organised by the Merseyside Chamber of Commerce and Industry.

The group represents a variety of industries including engineering, textiles and confectionery, following reports that the Japanese enjoy boiled sweets. The group will stay in Tokyo and Osaka, but will visit other centres, including Kobe.

## PERU STRIKE LOSS

PERU has lost between $80m. and $90m. due to the five-week strike still partially being carried out by the Federation of Peruvian Fishermen said Rear Admiral Francisco Mariategui Angulo, the Fisheries Minister. The catch for the second half of the 1976 anchovy season will be about 800,000 tons, roughly half of that expected, he said. Fishmeal production would be about 200,000 tons less than expected.

AP-Dow Jones

## Winn Valves goes for more exports

Pursuit of exports is behind the move by butterfly valve makers Charles Winn (Valves) to a new factory in Birmingham, following acquisition by Delta Metal.

The factory was opened yesterday by Admiral Sir Anthony Griffin, chairman-designate of British Shipbuilders, who mentioned that more than half Winn's output used to go into warships.

Lord Caldecote, Delta group chairman, said Winn's aim was to develop exports and diversify into petro-chemicals and anti-corrosion markets on a world scale to achieve the same status as it already held in cryogenics.

## Threat of 23% rate rise

The cut in the Government's rate support grant announced last week would mean an "unacceptable" rate rise for Essex ratepayers, and widespread cuts in services would have to be made, county council members said yesterday.

Some services might be discontinued altogether and there is to be a serious review of staffing levels, said a council spokesman.

If services stayed as they were, next year's county precept would go up by 23 per cent.—up 12p to 63p—just to meet the cost of inflation and the loss of grant.

The council's co-ordinating and finance committee will review the position on December 7.

BIDS AND DEALS

# Lovell's sees some £300,000

The chairman of Lovell's Shipping and Transport Group, in a letter with the formal, agreed oer by International Ferry Freight for Lovell's, forecasts a pre-tax profit of about £300,000 for 1976.

The directors are accepting the oer in respect of 130,226 shares (22.33 per cent.).

## U.K. ASSISTS IN AMMAN FURNITURE SET UP

C.M. Bracken Holdings has signed deeds of association with Jordanian industrialists to establish furniture company in Amman, to be called Contraplan (Amman).

The factory will be completed and ready to receive first shipments of material and machinery from the U.K. in two months time. It is anticipated that the new company will achieve sales worth £0.5m. next year rising to a projected turnover of £4m. by 1980.

## RICHARD COSTAIN

Richard Costain announces that Mr. M. Al-Fayed, a director, currently has an interest in 7,611,800 Ordinary shares (20.5 per cent.) of the company. The interest previously disclosed was 5,021,200 (20.3 per cent.).

A substantial part of the increase is accounted for by the one-for-two scrip issue in July (2,510,600 shares) and a further 80,000 (0.2 per cent.) have been acquired more recently.

Of the total of 7,611,800 shares, Mr. Al-Fayed has a beneficial interest in 1,800 shares; the interest in the reminder is non-beneficial.

## DENTSPLY

The third quarter report to September 30, 1976, of Dentsply International Inc. will not be completed until the end of the year because of the amount of time necessary to complete the acquisition audit of AD International's world-wide operations and to integrate those operations into Dentsply's reporting system.

The acquisition is proceeding smoothly and Dentsply expects record earnings in 1976. The recent weakening of the pound has had a favourable effect on the results for 1976 because Dentsply's U.K. subsidiaries have a net liability exposure in pounds.

## CRAY ELECTRONICS

Cray Electronics has signed a co-operation to become main sub-contractors for Germany's shipbuilding company, Ho... werke-Deutsche Werft, ... ing th e repair and develop... electronic systems in nava...

## THOMAS BLACK

Thomas Black, a compan... Boddy Industries Group ... field, has acquired the a... two skip waste companies ... of the expansion scheme ... Staveley based waste ... division.

The companies joini... group are Doncaster Wa... posal and Sidney Brown... The acquisitions fill a gap ... waste disposal activities of ... Black which already incl... safe disposal of toxic wa... dustrial cleaning, and ... road sweeping.

## SHARE STAKES

John James Group of ... panies through Cotham ... has acquired 213,000 ... Wiggins and Co. 7 per ... cumulative second Pre... shares (about 23.82 per ce...

Deandi Holdings—Warr... Holdings has disposed of i... ing in the company of ... shares.

Esperanza Trade and Tr... —Rothschild Investment ... has purchased a further ... Ordinary shares, bringi... total holding to 1,863,893 ...

Mr. L. A. Wilson, a dire... Wilson (Connolly) Holdin... disposed of 15,000 shares ... company.

Rothschild Investment ... now the beneficial ow... 923,175 Ordinary shares ... Lep Group.

English Card Clothing C... Carclo Engineering Gr... purchased a further ... Ordinary shares making ... of 983,500 shares (17.2 per...

Reed and Mallik—Han... has acquired a further ... Ordinary shares, bringi... total holding to 867,500 s...

Newman Industries ... Investment (formerly ... Poole and Gladstone Chin... holds 1,152,262 Ordinary ... (17.5 per cent.).

Unochrome Internatio... Jorehaut Holdings has acq... further 25,000 Ordinary ... bringing the total hold... 3,360,000 shares.

C. H. Beazer (Holding... R. H. Beazer no longer ... notifiable interest in the ... capital of the company.

## Call to stop expensive housing plans

FINANCIAL TIMES REPORTER

Expensive council housing schemes in London, in some cases costing up to £50,000 a unit, should be stopped as soon as possible, according to a confidential report prepared for the Department of the Environment.

Parts of the report, drawn up for the DoE by Mr. Alex Henney, co-ordinator of housing with Haringey Borough Council have already been made public and yesterday Shelter published the document to allow informed debate on its contents.

The report concentrates on the question of whether or not new council house building in London can be justified when the costs involved are so high and concludes that there is no case for adding to the existing stock by building "unduly expensive" public housing.

Mr. Henney points out that, in 1975, the conventional costing of a new London council home, plus land, was £20,900 in inner boroughs, £17,600 in outer boroughs and £12,500 on the periphery of London. But professional fees and interest charg... schemes under developme... the average costs as h... £27,500.

The report points out th... year, the GLC intends to ... £174m. to produce only ... homes, which produces a... age cost per unit of about ... Mr. Henney emphasises tha... age costs conceal consi... variations and claims ... developments in some bo... are costing between £40,0... £90,000 a unit. At the low... of the scale, some home... costing around £17,000.

Mr. Henney concludes: ... haps the cost would be j... if the product were goo... regrettably much has been ... The traditional justificatio... new council house bu... almost regardless of cos... been the severe shorta... dwellings compared with ... holds. But the long term ... in population is forecast ... tinue, with the drop in ... London expected to be p... larly steep."


## AYER HITAM TIN DREDGING LIMITED

*Extracts from the Statement by the Chairman, Mr. J. G. Richardson, for the year ended 30 June, 1976:—*

Once again the company's performance has been outstanding. Record production and profits have been achie... for the second successive year.

Production of tin concentrate for the year ended 30 Ju... 1976 was a record 4,280 tonnes compared with 3,127 tonne... 1974/75. The output of the Nos. 1 and 3 dredges was lo... than in 1974/75 but fortunately the No. 2 dredge, working... very rich deep ground, more than compensated for th... deficiencies.

Profit on mining operations increased from £3,377,000 ... 1974/75 to £6,726,000. Profit before taxation totalled £7,206,... compared with £3,864,000 for the previous year. After allow... for taxation of £4,487,000 and extraordinary items the ... profit was £2,814,000 compared with £1,498,000 in 1974/75. ... total sum paid in dividends for the year ended 30 June, 1... was £1,403,000, leaving unappropriated profit of £1,311,000.

It was possible to pay two dividends totalling 23 pe... per share (1974/75: 13 pence), equivalent to 35.3846 pence ... share (1974/75: 20.0 pence) after allowing for imputed ... credit.

The export restrictions introduced by the Internatio... Tin Council in April 1975 remained in force throughout ... company's financial year. The end of restriction on 30 Ju... 1976 enabled the company to sell the substantial stocks of ... concentrate it had been able to accumulate, at prices c... siderably higher than those which prevailed earlier in ... year. The strength of the present tin market suggests t... restrictions will not be re-imposed during the compan... current financial year.

Output for the current year, although likely to be v... satisfactory, is expected to be lower than the record le... achieved in 1975/76. The No. 2 dredge will soon pass out ... the exceptionally rich area.

Economic ore reserves currently held under mining ti... provide individual dredges with working lives ranging ... approximate terms, from five to eight years; but th... estimates are based on varying factors. The rate of advan... of a dredge, the cut-off grade determined by operating cos... the tin price and alterations in overall mining plan to s... changing circumstances can all affect the eventual worki... life of a property.

During the past 12 months the negotiations for the transf... of control of the company to Malaysia were accelerat... resulting in the implementation of a Scheme of Arrangeme... under Section 206 of the Companies Act, 1948, to effect su... transfer. The Scheme was approved by shareholders on ... August, 1976 and became effective on 1 November, 1976 wh... the shareholders of the company became shareholders in Ay... Hitam Tin Dredging Malaysia Berhad.

*Copies of the Report and Accounts and Chairman's Stat... ment can be obtained from the London Agents, Chart... Consolidated Ltd., P.O. Box 102, Charter House, Park Stree... Ashford, Kent TN24 8EQ.*

# rrier improvement osted by summer

D CURRY PARIS, Nov. 29.

hot summer brought health of the French and food concern e higher demand for occasioned by the eather played an art in steering the from its sharp losses he parent company er SA has reported. ortage of productive vented the company ng the weather still t was, sales of fizzy and pops were 5 per e financial year end- oer 30, at around es while turnover 16 per cent. to just

er band the drought osite effect on the ts sector although r, cheese and milk ined roughly stable rms. Turnover was at Frs.1.536bn. weets and chocolate ved a 25 per cent. e to Frs.160m. on a 30 per cent. in- luction. y has given no indication about profit levels other than to remark that they will show a "clear improvement." In the year to September 1975, the parent company broke even against a Frs.28.6m. profit in the previous year. The group's consolidated results showed a Frs.15.4m. net loss against a Frs.26.4m. profit.

The hot summer served to boost an already improving trend. A price increase for mineral waters (the main effect of this will be felt in the current year), the improved performance of the dairy subsidiary and the sale for Frs.40m. of the company's 29 per cent. stake in the food group Genvrain had already indicated a possible improvement.

Meanwhile Martell and Societe Martini et Rossi are seeking official permission for the latter to take a majority holding in the Martell Vermouth concern Noilly-Prat. Martell said that the move was decided in order to bring in a partner with indisputable technical and commercial experience in the vermouth business.

# Neckermann, Karstadt disclose harsh terms

BY GUY HAWTIN FRANKFURT, Nov. 29.

THE TERMS on which Karstadt, Europe's largest retailer, will unite with Neckermann, the ailing store and mail order group, were announced to-day. The settlement, reached after a week of hard bargaining, represents a substantial loss for the Neckermann family, the public shareholders and the banks involved.

The terms involve a heavy reduction in Neckermann's DM122m. nominal capital, much of which will be borne by the Neckermann family itself. Their shares will be exchanged at the rate of one new share for seven old ones, while the publicly issued shares will be exchanged at a ratio of one for three.

Josef and Peter Neckermann held DM33.8m. of Neckermann's nominal capital. The capital reduction will reduce this to DM4.82m. The public shareholders' shares will be reduced to a value of DM29.5m. nominal.

The negotiations—described as a "poker game" by the Frankfurter Allgemeine Zeitung—followed last week's approval of the outline rescue plan by the Federal Cartel Office. A statement issued by the Berliner Handels-und Frankfurter Bank announced the results of the bargaining between Herr Josef Neckermann, the group's founder, his son Peter, the creditor banks, the Neckermann Board and Karstadt. All participants, it said, would make a considerable contribution towards covering current and forecast losses.

Both the Karstadt and Neckermann supervisory Boards had agreed to the terms, said the statement. Agreement had also been secured from almost all of the 40 banks—including the 12 "house banks"—involved in the talks, while the few remaining votes were shortly awaited.

It has been clear for some time that the cost to the banks will be high. To-day's statement confirmed this with the announcement that they will write off "a substantial part" of their outstanding loans to Neckermann, at the same time as extending further credit lines to the troubled concern. The scale of the write-off is put at DM180m. (£45.2m.).

Hand-in-hand with the reduction in capital, Neckermann's share capital will be increased with an issue of new shares at a ratio of three to one. They will be priced at 165 per cent. of their nominal value with the "house banks" guaranteeing that the shares will be taken up.

The structure of the concern will be changed from that of a "Kommanditgesellschaft auf Aktien"—a rather antiquated form of limited partnership with publicly issued shares—to an "Aktiengesellschaft" which is the West German equivalent of a public company.

The winners of the poker game clearly appear to be Neckermann's 20,000 employees, whose jobs have been saved and Karstadt, which will gradually assume control of the group. Initially it will take 24.9 per cent. of the new "Aktiengesellschaft."

The stores themselves are understood to have contributed most heavily to Neckermann's losses. Last year the group reported a profit of DM4m., but this poor performance was achieved only by selling off the insurance interests for DM9.3m.

When the deal was approved by the Neckermann annual meeting on July 1 this year, it seems certain that the Neckermann family, the shareholders and the banks scarcely expected such harsh terms for the union.

It is also clear that Neckermann's position worsened day-by-day from the time of annual meeting to the Cartel Office's approval of the deal. Questions are being asked in some Stock Exchange and banking circles here as to why it took the Cartel Office close on five months to reach a decision.

# NIB lends SDRs 17 to IVO of Finland

By Lance Keyworth

HELSINKI, Nov. 29.

NORDISKA Investeringsbanken (NIB), the joint investment bank of the five Nordic countries, has announced its first loan. This goes to Imatran Voima Oy (IVO), the Finnish state power utility.

The loan sum is SDR 17, which is about FM 75m. (approx. £12m. at the current exchange rate). The term is seven years and the interest rate is believed to be 9-10 per cent.

NIB was established in Helsinki in June 1976 and the principle of its business is financing projects that are in the interests of at least two of the Nordic countries. Priority is given to joint energy and transport projects.

The first loan is thus a good example of NIB's operating principles. The loan to IVO is for the building of the Finnish side of a power transmission line from the Swedish border to the Finnish national grid. Statens Vattensfallsverk, the Swedish state power utility, will erect the connecting line on the Swedish side. The total cost of the project, including the Swedish transmission line, is about FM250m., of which the Finnish share is FM155m.

# Nippon Shinpan forecasts and financing plans

BY PAULINE CLARK

NIPPON SHINPAN, the leading Japanese consumer credit concern, forecast in London yesterday that its sales would rise by some 25 per cent. to around Y264bn. in the current year while net income was expected to be up by about 14 per cent. to Y1.8bn. This comes in spite of the current depression in consumer spending trends in Japan at present.

Addressing an international group of investment analysts and bankers, Mr. Tadashi Enomura, vice president, also said that the company was planning to strengthen its financial position through the issue of long term debt and equity as well as other instruments. Confirmation was given later by international bankers that the group was planning a private placement of Sw.Frs.30m. before the end of the year. The loan, which is for five years at 5¾ per cent. with an issue price of par is being managed by Credit Suisse.

In presenting the company's own view of its short-term and long-term prospects, Mr. Tadashi Enomura, vice president, said that the growing acceptance of consumer credit by the Japanese public had continued despite the ups and downs in the overall economy. This had shown that the consumer credit industry was one of the most "recession proof" of all industries in Japan.

Explaining current projections that consumer credit should grow far more rapidly than consumer expenditure in the near future in Japan, he pointed out that a new generation of young people in the country were now much more ready to accept loans and the use of credit cards in their personal financing plans than their parents' generation.

Consumer finance services make up the bulk of Nippon Shinpan's activities, accounting for more than 95 per cent. of total sales while the remaining 4 per cent. or so is in the real estate business.

But also behind the concern's current profit trend are a number of policy changes including economies.

Meanwhile, the company pointed out that while in 1976 bad debt was decreased to 0.7 per cent. of total sales, a further drop was foreseen in the occurrence of late payments which would also minimise the amount of bad debt loss.

# development in Biscuit bid

BUCHAN BRUSSELS, Nov. 29.

Belgian takeover ken out for control erp-based General ny, the largest bisurer on the Conti- French interests sentiel and the de Worms—and shareholders, prin- al Biscuit's presi- president, who are French bid to company, have 40 per nd the latter have affair a step fur- up a public offer ther 35,000 shares each, or double s were worth be- suspended on the nge a week ago. Banking Commis- it examining the ormal veto power om another EEC y. But it is shortly pprove the offer, ment in general, ary of State for ic Affairs in par- de no secret of see a company 0 people in the stay in Belgian

s were aroused e de Worms took t General Biscuit, per cent. of the uspicion (which rms has not suc- ring) is that the ntually end up in the hands of Aliment Essentiel (already holder of 20 per cent. of General Biscuit) with which the Paris Bank has close links.

The irony is that only two years ago General Biscuit tried to take over Lu-Brun, its French competitor, in which Aliment Essentiel (again with the help of the Banque de Worms) is the majority shareholder. Together General Biscuit and Lu-Brun would make the world's third largest biscuit combine, behind Nabisco in the U.S. and United Biscuit in the U.K. But in 1974 the French government stepped in to block General Biscuit's bid. Now Aliment Essentiel seems to be returning the favour.

The French interests have not yet announced whether they will try to top the share offer by General Biscuit. Nor, given the hostility in many Flemish quarters of anything that smacks of French intervention, is it clear that they will want to. Mr. W. Neutelings, president of General Biscuit and one of the principal protagonists, said to-day that with both unions and government opposed to the French bid he was hopeful of success.

He also claimed that Aliment Essentiel planned to dismantle parts of the General Biscuit group, which last year earned B.Frs.257m. profit before tax on a turnover of B.Frs.13bn. Profits, Mr. Neutelings claimed, would be probably up some 30 per cent. this year.

# Sales rise at Degussa

BY OUR OWN CORRESPONDENT FRANKFURT, Nov. 29.

DEGUSSA, the Frankfurt-based metals and chemicals group, has shown a substantial increase in turnover during 1975-76. At the same time, earnings, heavily down in the previous business year, have shown a marked improvement.

The group stated that turnover rose by 16.2 per cent. from 1974-75's DM3.66bn. to DM4.25bn. (£1.07bn.). The year's sales growth was far stronger than indicated at the half-way stage when it was reported that turnover was up 10.6 per cent.

According to the report, the main impetus for expansion came in the chemicals and special products sectors, where sales rose by a healthy 22 per cent. In the metals sector turnover rose by 12 per cent.

The fly in the ointment was the precious metals sector. When this was excluded, Degussa's turnover showed a growth rate of 22 per cent.

Degussa stated that the turnover growth was primarily a result of increased sales volume. Price increases had been held back by strong competitive pressure. High demand, however, had led to a good level of capacity utilisation which has reduced production costs.

Details of earnings were not given, but the group said they were markedly better than the previous year's unsatisfactory profits. This will be welcomed by shareholders who for 1974-75 saw their dividend cut from 18 per cent. to 15 per cent.

# Voest project shelved

BY PAUL LENDVAI VIENNA, Nov. 29.

VOEST, the nationalised Austrian Iron and Steel concern, has been officially informed by Iscor, the South African steel corporation, that its large Saldanha project has been shelved for the time being, and that the Austrian partner will have to look for new sources of supply.

Originally, Voest would have had a stake of 25 per cent. in the Saldanha steel project with the rest shared between Iscor and West German, Dutch and Italian investors. Following political controversies here, the Austrian share was reduced in the spring of 1975 to 6.75 per cent. and the export credit guarantee would have totalled Sch.3.8bn. Under the agreement, the Austrian concern would have been receiving annually 400,000 tonnes of half-finished products from South Africa as of 1980. The steel plant at Saldanha would have gone on stream with an initial capacity of 3m. tonnes to be increased finally to 12m. tonnes.

# Three new DM Eurobonds as Canadians fall

BY TONY HAWKINS

THE CITY of Copenhagen is raising DM75m. in the Eurobond market on a 7¼ per cent. coupon, the lead managers, Deutsche Bank announced yesterday. Final maturity for the bonds is 1986 with an average life of eight years.

The issue will be priced later this week with a price of 99 or 99½ being indicated.

A DM100m. issue for the Inter-American Development Bank is expected to be announced this week as well. The indicated coupon for the 10-year IADB bonds is 7 per cent.

Following the successful Beechams Deutschemark issue, another British multi-national—ICI—is to make a Euromark issue next month. An ICI spokesman confirmed yesterday that the group will make an announcement shortly about a DM100m. Euroband issue.

Main excitement in the secondary market yesterday again focused on the Canadian dollar issues which lost about half a point on the continued decline in the Canadian currency. Australian and New Zealand issues were unaffected by the announced devaluation but there was speculation in the market that these parity changes would result in tougher terms being required next time borrowers from these two countries come to the market. The timing of the NZ devaluation is rather awkward for the New Zealand Offshore Mining Company's $50m nine-year issue which was announced late last week.

**BONDTRADE INDEX**

| | Monday | Friday |
|---|---|---|
| Medium | 101.70 | 101.69 |
| Long | 93.40 | 93.36 |
| Convertible | 105.00 | 105.00 |

## SELECTED EURODOLLAR BOND PRICES
## MID-DAY INDICATIONS

| STRAIGHTS | Bid | Offer |
|---|---|---|
| Alcan 9½pc 1989 | 104½ | 105½ |
| Australia 8½pc 1991 | 99¾ | 100¼ |
| Bowater 9½pc 1986 | 103 | 103½ |
| Can. N. Railway 8¾pc 1986 | 100¼ | 101 |
| Credit National 8½pc 1986 | 96½ | 97½ |
| Denmark 8¾pc 1984 | 97½ | 98½ |
| ECS 9½pc 1989 | 102 | 102½ |
| EIB 8¾pc 1993 | 99¼ | 100½ |
| ERAP 9½pc 1986 | 102½ | 103½ |
| Esso 8pc 1986 Nov. | 103½ | 104 |
| Eurofima 8½pc 1983 | 101½ | 102½ |
| Granges 9½pc 1985 | 101½ | 102½ |
| ISE Canada 9½pc 1986 | 104½ | 105 |
| Massey Ferguson 9½pc 1991 | 104½ | 105½ |
| Michelin 9½pc 1988 | 101½ | 102½ |
| Midland Int. Fin. 8¾pc '86 | 97½ | 99 |
| MODO 9pc 1988 | 97½ | 98½ |
| Ntl. Westminster 9pc 1986 | 99½ | 100½ |
| Newfoundland 9½pc 1983 | 101 | 101½ |
| Norpipe 9½pc 1986 | 102½ | 103 |
| Norsk Hydro 9pc 1991 | 100½ | 101½ |
| Oslo 9pc 1988 | 101½ | 102 |
| Ports Autonomes 9pc 1991 | 99¼ | 99¾ |
| Prov. Quebec 9pc 1984 | 101½ | 103 |
| Quebec Hydro 8½pc 1986 | 98½ | 99 |
| Prov. Saskatch. 8¾pc 1986 | 101½ | 102½ |
| Skand. Enskilda 9pc '91 | 98½ | 99½ |
| Volvo 9½pc 1985 | 102½ | 103½ |
| **NOTES** | | |
| Australia 8½pc 1983 | 101½ | 102 |
| Australia 8¾pc 1986 | 100½ | 101½ |
| Dow Chemical 8pc 1986 | 100½ | 101½ |

| | Bid | Offer |
|---|---|---|
| EEC 8½pc 1983 | 100½ | 101½ |
| Kockums 8pc 1983 | 97½ | 98½ |
| Michelin 8½pc 1983 | 100½ | 101 |
| Montreal Urban 8¾pc 1981 | 100½ | 101 |
| Natnl. Coal Board 8¾pc '81 | 100 | 100½ |
| New Bruns. Prov. 9¼pc '83 | 103 | 102½ |
| New Zealand 8½pc 1986 | 99½ | 100½ |
| Nippon Fudosan 8pc 1981 | 99½ | 100 |
| S. of Scot. Elec. 8¾pc '81 | 97½ | 98½ |
| **FLOATING RATE NOTES** | | |
| BFCE 6½pc min. 1983 | 99½ | 99¾ |
| OKB 6½pc min. 1982 | 99½ | 100½ |
| Bk. Tokyo Hldg. 6pc min. 1981 | 100½ | 100½ |
| Midland Bk. 7¼pc min. 1983 | 100½ | 101½ |
| **D-MARK BONDS** | | |
| Beecham 8pc 1983 | 101½ | 102½ |
| EIB 6½pc 1984 | 98½ | 99½ |
| Giro. Vienna 7½pc 1983 | 100½ | 101½ |
| New Zealand 7½pc 1983 | 103½ | 104½ |
| Pomex 8½pc 1983 | 99½ | 99½ |
| Source: White Weld Securities. | | |
| **CONVERTIBLES** | | |
| American Express 4½pc '87 | 83½ | 85½ |
| Ashland 5pc 1988 | 85½ | 87½ |
| Beatrice Foods 4½pc 1992 | 101 | 103 |
| Beatrice Foods 4¾pc 1992 | 120 | 122 |
| Borden 5pc 1992 | 101 | 105 |
| Broadway Hale 4½pc 1987 | 78½ | 80½ |
| Canon Camera 7½pc 1989 | 175 | 177 |
| Carnation 4pc 1987 | 85 | 87 |
| Chevron 5pc 1988 | 113½ | 115½ |

| | Bid | Offer |
|---|---|---|
| Dart 4½pc 1987 | 94 | 96 |
| Eastman Kodak 4½pc 1988 | 105½ | 107½ |
| Economic Labs. 4½pc 1987 | 76½ | 79½ |
| Fed. Dept. Stores 4½pc '85 | 116½ | 118½ |
| Firestone 5pc 1988 | 85½ | 87½ |
| Ford 6pc 1986 | 94½ | 96½ |
| Ford 5pc 1985 | 85 | 87 |
| General Electric 4¼pc 1987 | 83½ | 85½ |
| Gillette 4½pc 1987 | 73 | 75 |
| Gould 5pc 1987 | 106 | 108 |
| Gulf and Western 5pc 1988 | 91 | 93 |
| Harris 5pc 1992 | 94½ | 96½ |
| Honeywell 6pc 1986 | 81 | 83 |
| ITT 4½pc 1987 | 77½ | 79½ |
| Komatsu 7½pc 1990 | 99½ | 101 |
| J. Ray McDermott 4½pc '87 | [illegible] | [illegible] |
| Mitsubishi Elec. 7¼pc 1991 | 103 | 104½ |
| Mitsui 7¼pc 1990 | 101½ | 103 |
| J. P. Morgan 4½pc 1987 | 107½ | 109½ |
| Nabisco 5½pc 1988 | 96 | 98 |
| Owens Illinois 4½pc 1987 | 112½ | 114½ |
| J. C. Penney 4½pc 1987 | 84 | 86 |
| Pioneer 6½pc 1989 | 290 | |
| Raymond 8¼pc 1993 | 102½ | 103½ |
| Revlon 4½pc 1987 | 111 | 113 |
| Reynolds Metals 5pc 1988 | 86 | 88 |
| Sperry Rand 4½pc 1987 | 94½ | 96½ |
| Squibb 4½pc 1987 | 76½ | 78½ |
| Texaco 4½pc 1988 | 76½ | 78½ |
| Toshiba 6½pc 1990 | 103 | 104½ |
| Union Carbide 4½pc 1982 | 103½ | 105½ |
| Warner Lambert 4½pc 1987 | 80 | 82 |
| Warner Lambert 4½pc 1988 | 77 | 79 |
| Xerox 5pc 1988 | 78½ | 80½ |
| Source: Kidder, Peabody Securities | | |



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CAISSE CENTRALE DES BANQUES POPULAIRES
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NOVEMBER 5, 1976

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# ...iance ...shoot ...osts ...Z profit

: Forth
SYDNEY, Nov. 29.

...UP HOLDINGS, the ...ading bank, boosted ...34.6 per cent. from ...to a record $A36.85m. ...ar to September 30.

...rease is in line with ... performances from ...nks reporting for ...lthough it lags behind ...et by the Commercial ... Australia and the ...Bank of Australasia. ...Increase for the ANZ ...u its finance company ... Esanda and its ...ank. The directors ...t that expressed in ...e profit increase was ... cent. The lower ...reflects the falling ...the pound over the ...

... bank profits rose ...t. to $A12.7m., while ...ags bank returns ...by 65.2 per cent. In ...sanda showed a gain ...r cent. to $A18.5m. ...and savings opera...ned 11.2 per cent. to ... The results reflect ...mprovement in the ...lf of the year as ...re only up 16.5 per ...e interim stage.

...roved performance ...5.37 per cent. on ...es' funds compared ...r cent. the previous ... company will pay ...idend of 10 cents a ...h exceeds earlier ... of at least 8 cents. ...d payment is com...ecause the group's ...res were converted ...n currency because ...delle change. But ...lian terms the ...quals a 15.84 per ...d dividend and in ...19 per cent.

...tors expect to pay ...dividend of 8 cents ...iide-1977.

Lex, Back Page

# ... Transport ...deal

...n Correspondent
...DNEY, Nov. 29.

...ansport Industries, ... transport, tele...nufacturing, hotel ...group, has bought ...ank of Scotland's ... shareholding in ...ng finance com...ciated Securities ...

...as been the major ...n ASL since 1960 ...ree of substantial ...nd stand-by facili...ar the bank lifted ...m 28 per cent. to ... by buying in the ...

...hat the bank was ...selling swept the ... last week when ... of ASL shares ...n 37 cents to 27 ...ale was confirmed ...nnouncement that ... bought the Royal ... shares for 33 ...out $A4.95m.

...rd of ...

THE FITZWILTON GROUP

# Coming back to basics

BY GILES MERRITT, DUBLIN CORRESPONDENT

THERE WAS a time, not so long ago, when the directors of the Fitzwilton Group could look down from their executive penthouse at the top of Fitzwilton House to the terraced row of modest Georgian houses which runs along the opposite side of Dublin's Grand Canal.

Now their own offices are in one of those little houses, and out of its windows the Fitzwilton directors can look up at the modernistic concrete skyscraper, no longer theirs except in name, which was built to house Ireland's sole but then thriving conglomerate.

It is a big come-down and it accurately reflects the reverses Fitzwilton has suffered in the past 18 months. Over £33m.-worth of assets have been sold off in ten separate deals, reducing the group once again to a modest, all-Irish industrial holding company from the ambitious wheel-and-deal phenomenon which, two years ago, seemed set to become the first-ever Dublin-based multinational.

Fitzwilton recently published its annual report for the year to June 30 last. With £3m. in goodwill written off, net losses were £5.089m. And although group sales rose slightly from the previous year's £64.5m. total to £68.7m., the report reveals that the drastically pruned group can expect a turnover of only £40m. in 1976/77.

Yet Fitzwilton is happier than it has been for a considerable time, comforted by the thought that with the small core of operations it has retained it can trade profitably, if unadventurously. Embracing the old-fashioned virtues, Fitzwilton has gone from being the massive borrower whose debts in 1975 were 1.4 times equity funds, to a company with no gearing at all. Its shares are now 26p, but backed by net tangible assets of 69p per share.

With its solid, even stolid, four main operating divisions—construction, soft drinks, textiles and plastics—the group's main objective over the next few years is to push its share price steadily nearer the asset value.

This is an approach Dubliners find difficult to reconcile with Fitzwilton's earlier image. The management team, headed by Heinz president and celebrated Irish rugby international Tony O'Reilly, started out in mid-1971 with £1m. capital and in an 18-month whirlwind of acquisitions created a financial empire with sales of £56m. and shares which rocketed to 198p.

As a financial centre, Dublin is small, incestuous and unforgiving. When in June of 1975 Fitzwilton's borrowings stood at £26m. and one of its ten bankers jibbed at renewing a routine £1m. acceptance credit line, the floodgates of Press speculation opened. At that point, the group was overborrowed and concerned at steadily rising interest rates which, at £3m. a year, were mopping up its profits; but it believed that a relatively painless divestment of assets worth around £5m. would put matters right. In fact, Fitzwilton rapidly discovered that on its way up it had trodden on enough corns to ensure that what one senior director terms "the Dublin rumour factory" was gleefully sapping public confidence in the group.

In response to pressure from its bankers, and itself recognising that commercial interest rates were unlikely to drop to ease the pressure, Fitzwilton had already sold its 20 per cent. stake in New Ireland Assurance for £1.1m. and had begun negotiations for the £2.45m. sale of Fitzwilton House to the NCB pension fund.

It was not only high interest rates which were shaking confidence in the group. Gouldings Fertilisers, which had been the basic strength of Fitzwilton and responsible for 40 per cent. of turnover, was badly hit by Morocco's decision to hoist phosphate prices and had closed down for the second half of last year.

Mr. Tony O'Reilly

By August 1975, Tony O'Reilly had arranged to sell ICI its 49 per cent. share in the Northern Ireland Fertiliser company, Richardsons, for £2.45m., thus making it a wholly-owned ICI company. But by then it seemed increasingly clear that what had begun as a limited asset disposal programme was developing into a major "dash for cash." By the New Year, market rumours that Fitzwilton was successfully negotiating the sale of Gouldings were reflected in gently rising share prices. In mid-March the group was able to announce that Agrico, of Tulsa, Oklahoma, which controls major phosphate deposits in North Carolina, would be purchasing 50 per cent. of Gouldings. In all, the deal yielded £9.6m.

In fairly rapid succession, Fitzwilton moved on to complete three further sales. A site for property development in central Dublin went for £560,000 in May, the following month the British AAH group bought the Chemists Holdings (London) pharmaceuticals distribution business for £4m. and in July Fitzwilton sold off £1.5m. worth of MEPC loan stocks it held.

Throughout this period, Fitzwilton's share price stubbornly continued to slide. In March the Agrico deal had raised it briefly to a high of 50p, but May's disclosure of half-year losses of £2.5m. and a £5.5m. projected loss for the year to the end of June pushed it down to 35p; and by July it was at 25p.

By August of this year Fitzwilton had little option but to consider selling its 22 per cent. stake in National Mine Service, the fast-growing U.S. mining supplies company. For Fitzwilton, selling its NMS holding was like selling the goose that was to lay the golden eggs, for only two months earlier NMS had announced net income up 31 per cent. for 1975-76 on sales up 28 per cent. to $165.6m. Reluctantly it was arranged that Chessie System of the U.S., the Chesapeake Railroad, should take up Fitzwilton's NMS holdings for £11.3m., giving the Dublin company a £3m. profit on its investment.

Fitzwilton, to-day is more or less the small industrial holdings group it was in 1972-73, with the exception of the remaining 50 per cent. of Gouldings which has now been relegated to associate status in order that its potential losses should not upset the consolidated balance sheet. Also listed as an associated company is Independent Newspapers, in which Fitzwilton has a 33 per cent. shareholding and which, after a difficult period, is again prospering.

The ungracious might conclude, therefore, that the Fitzwilton experience of sharp rise and equally rapid fall achieved little or nothing. Fitzwilton itself, which is after all pinning its future hopes on its management abilities and reputation, argues that had it not been for acquisition of sound and saleable investments the whole group might well have failed to survive the recession. It is certainly true that had Fitzwilton not been able to off-set the Gouldings' fertilisers side's losses it would not even have retained it's present modest group of subsidiaries. The group is also quick to point out that in spite of its reverses its net assets, at £15m., are to-day 50 per cent. greater than they were in 1972.

If Fitzwilton has a confidence problem to-day, it is that other major conglomerates in Britain and the U.S. have in recent years divested assets with equal speed and determination, but have nevertheless foundered. The group now stresses that its four operating divisions are sound and profitable and that it will be "disappointed" if, next year, they do not yield pre-tax earnings of at least £1m.

# Ericsson reports substantial fall in profits

BY JOHN WALKER STOCKHOLM, Nov. 29.

THE PRE-TAX profits of the L. M. Ericsson Telephone Company dropped during the first nine months of this year to Kr.93m. (£13m.) equal to 1.6 per cent. of sales, compared with Kr.409m. or 8.5 per cent. of sales during the same period in 1975, according to the latest interim report for January-September this year.

Group sales increased by 20 per cent. to Kr.5.7bn. (£811m.) compared with Kr.4.8bn. last year.

The order intake for telephone exchange equipment was lower than that of the corresponding period last year and reflects the cautionary attitude and restraints on investments by telephone administrations that have occurred for some time. Capital shortages, Government restrictions on investments and a reduced demand for telephone services because of the economic recession are the factors currently contributing to a slowdown in investment in telephone networks.

The order intake by area went up in Europe (excluding Sweden) by 12 per cent. to Kr.2.7bn., up by 8 per cent. in Sweden to Kr.910m., down 8 per cent. in Latin America to Kr.1.4bn. and down 17 per cent. to Kr.884m. in other markets.

The order backlog declined from Kr.9.18bn. at the beginning of this year to Kr.8.76bn. at September 30, 1976. The change, the report states, includes a reduction of Kr.600m. resulting from fluctuations in exchange rates in translating the order backlog of certain foreign subsidiaries.

However, significant orders have been received which include one for a new computer controlled system for local exchanges in France. In addition, a contract was signed in November for the public data transmission network for the Nordic telephone administration.

*Orders for the computer controlled* system which is designed for new exchanges as well as for the modernisation of installed "crossbar" exchanges were obtained, notably in Australia, Denmark, Saudi Arabia and Kuwait. New orders for computer controlled international exchanges were received from among others Czechoslovakia, Finland and Denmark.

Due to the lower growth rate in orders, deliveries were at a lower level than earlier, but there was no uniformity in trends. In Brazil and Mexico deliveries and employment increased whereas a reduction occurred in the parent company and in the Australian subsidiary.

The unrealised exchange losses aggregated Kr.343m. and originated almost entirely from the subsidiaries in Brazil, Italy, Mexico and Spain, because of the serious decline in the value of their domestic currencies against the Swedish kroner. To a large extent they comprise unrealised exchange losses on loans that these subsidiaries raised in other currencies — mainly in U.S. dollars—because local currency loans were not available due to a shortage of capital.

# Robeco confidence in Japan reflected in Tokyo listing

BY MICHAEL VAN OS AMSTERDAM, Nov. 29.

ROBECO, the Dutch-based international investment company, has received official permission from the Japanese Ministry of Finance to list its shares on the Tokyo Stock Exchange from December 8.

It becomes the first Dutch company to be admitted to the Tokyo exchange which has had to amend its rules to some extent to admit a company of Robeco's structure.

The company said in Rotterdam to-day that the combined current Japanese holding in Robeco and Rolinco was just over Fls. 1 bn. As regards Robeco, at least 13 per cent. of its investments were in Japan, compared with at least 35 per cent. for the U.S. and over 32 per cent. for Europe as per September 1, 1976.

A Board spokesman said that the company had faith in prospects for Japanese companies. Tokyo share prices had kept up "exceptionally well," but in view of the current high prices it was not yet the moment to enlarge holdings.

The Robeco statement said that Tokyo would be the 20th stock exchange to list its shares and that it would be the first foreign or Japanese investment company to be listed there. It was aimed to have eventually the shares of Rolinco listed too, depending on the success of Robeco.

As an investor, the Rotterdam group's connections with Japan date back as far as 1961 when it took an interest in Japanese stocks for the first time.

● Amro-Pierson Fund, the Dutch open ended investment fund, reported in its third quarter review that the depressed state of world stock markets and the relatively high Dutch guilder exchange rate have together forced down the asset value per unit of participation in the fund by 9.6 per cent. from the previous quarter.

The net asset value declined to Fls.17.62 at October 31, 1976, from Fls.19.48 on September 31, 1976, as the fund's total net assets dropped to Fls.340m. from Fls.378m. the preceding quarter.

On balance, 85,000 units of participation had to be redeemed but this did not present any technical problems, it is stated. The number of units outstanding amounted to 19.3m. at the end of the quarter under review.

Amro-Pierson Fund added in the report, that generally lower share prices induced it to increase its investments, so that liquid assets declined. The expansion in investments took place principally in West Germany, Australia and Holland, while on the Tokyo Bourse, where prices kept up reasonably well, holdings were reduced slightly further.

On a geographical basis, 31.5 per cent. of the Fund's assets were invested in Europe (2.2 per cent. in the U.K.), 40.8 per cent. in the U.S. and 13.2 per cent. in Japan. Liquid assets totalled 4.3 per cent. as at October 31, 1976.

● Hunter Douglas, the Dutch-based industrial company, said in a short statement from Rotterdam that sales for the first three quarters of this year advanced to US$248.6m. from US$240.9m in the corresponding period last year


*All these securities have been sold. This announcement appears as a matter of record only.*

NEW ISSUE November, 1976

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Companhia Vale do Rio Doce

## Balance Sheets - September 30, 1976 and December 31, 1975

In Thousands of Brazilian Cruzeiros – MCrS

ASSETS

| | September 30, 1976 | December 31, 1975 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash and marketable securities | 2.819.228 | 1.344.106 |
| Accounts receivable | 1.464.141 | 1.168.143 |
| Inventories (at average cost) | 1.094.180 | 939.436 |
| Prepaid expenses and other assets | 332.976 | 63.184 |
| | 5.710.525 | 3.514.869 |
| LONG-TERM | | |
| Investments and advances in affiliates | 1.924.649 | 1.339.702 |
| Government Bonds and other long-term assets | 2.243.321 | 139.642 |
| | 4.167.970 | 1.479.344 |
| PROPERTY, PLANT AND EQUIPMENT | | |
| Cost (monetarily restated) | 15.862.899 | 11.840.832 |
| Accumulated depreciation | (4.526.109) | (3.142.743) |
| | 11.336.790 | 8.698.089 |
| Total ... MCrS | 21.215.285 | 13.692.302 |

LIABILITIES AND STOCKHOLDERS' INVESTMENT

| | September 30, 1976 | December 31, 1975 |
|---|---|---|
| CURRENT LIABILITIES | | |
| Accounts payable | 515.184 | 524.003 |
| Notes payable and bank loans | 1.640.549 | 1.256.221 |
| Income tax and other liabilities | 1.218.817 | 665.362 |
| | 3.374.550 | 2.445.586 |
| LONG-TERM | | |
| Notes payable and bank loans | 6.388.038 | 3.014.281 |
| Other long-term liabilities | 275.920 | 389.334 |
| | 6.663.958 | 3.403.615 |
| STOCKHOLDER'S INVESTMENT | | |
| Capital | 6.172.793 | 4.011.560 |
| Reserve from monetary restatement | 1.659.498 | 850.000 |
| Retained earnings | | |
| – Appropriated | 1.649.281 | 2.232.805 |
| – Unappropriated | 1.695.205 | 748.736 |
| | 11.176.777 | 7.843.101 |
| Total ... MCrS | 21.215.285 | 13.692.302 |

## Statements of Income for the nine months ended September 30, 1976 and the twelve months ended December 31, 1975

(In thousands of Brazilian Cruzeiros – MCrS)

| | AS AT September 30, 1976 | AS AT December 31, 1975 |
|---|---|---|
| Net sales | 6.656.667 | 5.555.405 |
| Cost of sales and other operating expenses | 5.142.702 | 3.755.003 |
| Operating profit | 1.513.985 | 1.800.402 |
| Non-operating income (net) | 694.267 | 325.074 |
| Income before tax | 2.208.252 | 2.125.476 |
| Provision for income tax | 513.047 | 442.225 |
| Net income ... MCrS | 1.695.205 | 1.683.251 |

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...S.A. – Itabira International Co. Ltd. 640 Fifth Avenue, 18th floor New York, N.Y. 10019 Telex: 423103.

# Index off 3 on early profit-taking

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Nov. 29.

PROFIT-TAKING gave Wall Street a slightly easier trend to-day, when investors were reluctant to buy in advance of the release tomorrow of U.S. Leading Economic Indicators for October.

By 1 p.m. the Dow Jones Industrial Average was off 3.16 at 953.46 and the NYSE All Common Index lost 21 cents to 55.12, although advances held about a seven-to-six majority over declines. Trading volume expanded 2.4m. shares to 10.50m., compared with 1 p.m. last Friday.

**Closing prices and market reports were not available *for this edition.***

Ford Motor gave way $1½ to $54¾—it agreed with British union leaders on a new pay package giving average wage increases of 5 per cent.

United Nuclear gained $¾ to $33¾—the U.S. Supreme Court returned to a State Court for further action, a suit by General Atomic Corp. against United Nuclear related to non-delivery of uranium valued at hundreds of millions of dollars. The action leaves open the possibility of a new decision against General Atomic.

Seaboard Coast Line added $1 at $30¾ and Southern Railway picked up $¼ to $50¼—the U.S. Supreme Court prohibited renewed Interstate Commerce Commission inquiry into abandonment of discounts for volume deliveries of bulk materials by Seaboard, Southern and one other railroad.

Northwest Energy put on $¾ to $33¾ on a reported Nevada oil discovery.

Beech Aircraft gained $¾ to $20¼ on higher earnings for its year ended September 30 plus its forecast of further gains in 1977.

Bethlehem Steel eased $¼ to $36¼—it will raise some sheet and strip steel product prices about 6 per cent., joining six other Steel makers.

THE AMERICAN S.E. Market Value Index lost 0.86 to 99.66, *while declines held a nearly three-to-two lead over advances.* Volume increased 370,000 shares to 1.39m., compared with 1 p.m. last Friday.

Alterman Foods added $¼ at $10¼ and Penn Traffic also $¼ at ...

## OTHER MARKETS

### Canada easier

With the exception of Western Oils and Banks, which firmed 0.19 to 202.69 on index, all other sectors eased in light trading on Canadian Stock Markets yesterday morning.

The Industrial Share Index shed 0.48 to 164.44, Golds 0.22 to 288.24, Base Metals 0.27 to 74.38, Utilities 1.07 to 134.89 and Papers 0.28 to 101.75.

*Foodcorp* were active and up 5 cents at $3.90, but Harding Carpets "A" lost 5 cents to $4.35 on 25,300 shares.

PARIS—Lower on balance mainly on the Government's warning late last week that sectors of the economy continuing to show excessive price rises in the next two months will not benefit from the lifting of the Price Freeze on January 1. Trading was quiet.

Stores and Electricals, however, showed small gains against the general downward trend.

Buildings were depressed, with falls by Sereg and Grands Travaux Marseille of 2 per cent. and 3.5 per cent. respectively.

Americans, Dutch, International Oils and Coppers were irregular. Germans rose, while Canadians and Golds fell.

BRUSSELS—Higher in active trading.

Steels improved, as did Chemicals and Holdings. Oils were lower, while Utilities and non-Ferrous Metals were little changed.

GB-Inno-BM rose Frs.50 to Frs.1,700 on a nine-month profit compared with a loss for the same period last year.

Among Internationals, U.S., German and especially Zairian shares were *higher*, but Dutch, French and South Africans fell.

GERMANY—Generally higher in the wake of the apparent settlement of conditions for the Karstadt-Neckermann merger.

Karstadt rose DM7 to DM339, while Neckermann, suspended in official trading but handled Over the Counter, rose DM6 to DM44, as the market reckoned with a three-for-one exchange for Karstadt shares for small shareholders.

Chemicals moved up. Degussa gained DM6.3 to DM229.3 on a 16.2 per cent. increase in sales for the fiscal year.

SWITZERLAND — Generally firmer in fairly active dealings, with interest bolstered by sustained easier Money Market conditions.

Swissair advanced Frs.22 to Frs.608, mainly on Foreign investor demand. Leading Banks and Insurances were mainly very steady.

Dollar stocks were slightly higher, while Dutch Internationals and Germans were steady.

VIENNA—Quietly steady.

MILAN—Mixed in quieter conditions, due to uncertain signs concerning domestic political developments.

COPENHAGEN—Mixed, with Banks little changed, Communications and Insurances higher, while Shippings, Industrials and Commodities were slightly lower.

AMSTERDAM—Quietly mixed. Banks and Insurances were firm.

Bergoss were traded down to Fls.105 after last quoting Fls.141.50 bid on Thursday before it forecast a loss for 1976.

State Loans advanced.

OSLO—Industrials and Insurances were barely steady. Shippings quiet, while Bankings were firm.

HONG KONG—Sharply higher in active trading.

Hong Kong Bank moved up 40 cents to $HK18.40, Hong Kong Land, 40 cents to $HK6.95, Hutchison, 10 cents to $HK3.125, Wheelock "A", 5 cents to $HK2.65, Jardine 70 cents to $HK16.60, Shire Pacific "A", 15 cents to $HK9.25, China Light 30 cents to 18.10 and Hong Kong and Kowloon Wharf 60 cents to $HK14.50.

TOKYO—Generally lower in moderate trading. Volume 180m. shares.

Matsushita Communication Industrial lost Y90 to 1,180, Nippon Denso Y80 to 1,650, Toyoda Automatic Loom Works Y50 to 970, Seino Transportation Y60 to 1,500, Alps Electric Y50 to 1,180, Teikoku Tsushin Kogyo Y45 to 600, Murata Seisakusho Y40 to 1,270, Kokusai Denshin Denwa Y40 to 2,950, Toyama Chemical Y35 to 675 and Nippon Chemiphar Y35 to 390.

But Fujiya Confectionary gained Y32 to 415, Nippon Telecommunications Construction Y30 to 1,760, Toho Y50 to 3,900, Sanyu Pharmaceutical Y30 to 328, Sekisui Prefab Homes Y30 to 1,050, Nissin Food Products Y30 to 1,230, Marui Department Stores Y30 to 1,170, Nippon Shinpan Y28 to 435, Nihon Radiator Y32 to 637 and Toto Y20 to 570.

JOHANNESBURG—Gold shares were quietly easier, following the lower London bullion fixing dealings said.

Financial Minings were mixed to slightly off. Coppers were easier, while Platinums lost up to 5 cents.

AUSTRALIA—Sharply higher in very active trading, led by Export-Oriented and Natural Resources stocks, following the devaluation of the Australian dollar.

Coals were particularly strong, as their sales contracts are made out in U.S. dollars. Utah rose 72 cents to $A4.70 and Thiess 20 cents to 2.15.

Hamersley advanced 40 cents to 2.60 and MIM 27 cents to 2.25.

CRA gained 40 cents to 2.65.

Peko-Wallsend were 60 higher at 4.20. EZ Industries moved up 30 cents to 2.83.

ASL put on 9 cents to 42 cents following the purchase by Ansett of the Royal Bank of Scotland's 30 per cent. stake in ASL at 33 cents a share.

BHP were lifted 56 cents to 6.90, and its Rights 31 cents to 2.74.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ♦ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ♠ Frs.500 denom. unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. ‡ Price at time of suspension. a Florins. b Shillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs; including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

## Indices

### NEW YORK —DOW JONES

| | Nov. 26 | Nov. 24 | Nov. 23 | Nov. 22 | Nov. 19 | Nov. 18 | 1976 High | 1976 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrial | 956.62 | 950.96 | 948.50 | 955.57 | 948.80 | 950.15 | 1014.79 (21/9) | 958.71 (2/1) | 1051.70 (11/1/73) | 41.22 (2/7/32) |
| Home B'nds* | 90.55 | 90.37 | 90.54 | 90.25 | 90.29 | 90.08 | 90.57 (26/11) | 85.98 (15/6) | — | — |
| Transport | 226.26 | 224.37 | 223.97 | 223.74 | 221.90 | 221.59 | 231.07 (14/7) | 175.69 (2/1) | 279.88 (7/2/69) | 13.23 (8/7/32) |
| Utilities | 102.78 | 101.99 | 101.26 | 101.10 | 100.24 | 100.40 | 107.76 (22/11) | 84.6 (26/6) | 163.32 (20/4/69) | 10.58 (28/4/42) |
| Trading vol. 000's | 16,000 | 20,420 | 19,080 | 20,860 | 24,550 | 24,000 | — | — | — | — |

* Basis of index changed from July 1.

| | Nov. 22 | Nov. 15 | Nov. 9 | Year ago (approx.) |
|---|---|---|---|---|
| Ind. div. yield % | 4.24 | 4.25 | 4.07 | 4.49 |

### STANDARDS AND POORS

| | Nov. 24 | Nov. 23 | Nov. 22 | Nov. 19 | Nov. 18 | Nov. 17 | 1976 High | 1976 Low | Since compilation High | Since compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|
| Industrials | 114.20 | 113.71 | 114.51 | 113.77 | 113.74 | 112.80 | 120.89 (21/9) | 101.64 (2/1) | 134.64 (11/1/73) | 3.52 (30/6/32) |
| Composite | 102.41 | 101.96 | 102.33 | 101.92 | 101.66 | 100.61 | 107.65 (21/9) | 92.58 (2/1) | 120.44 (11/1/73) | 4.40 (1/6/32) |

| | Nov. 24 | Nov. 17 | Nov. 10 | Year ago (approx.) |
|---|---|---|---|---|
| Ind. div. yield % | 3.77 | 3.84 | 3.89 | 3.69 |
| Ind. P/E Ratio | 11.54 | 11.55 | 11.14 | 11.97 |
| Long Govt. Bond yield | 5.55 | 5.56 | 5.56 | 6.10 |

### N.Y.S.E. ALL COMMON

| Nov. 26 | Nov. 24 | Nov. 23 | Nov. 22 | 1976 High | 1976 Low |
|---|---|---|---|---|---|
| 55.33 | 54.96 | 54.93 | 54.97 | 57.51 (21/9/76) | 47.86 (2/1/76) |

**Rises and Falls** Nov. 26: Issues Traded—1,856; Up—927; Down—455; Same—474; New Highs 96; New Lows 9

### MONTREAL

| | Nov. 26 | Nov. 25 | Nov. 24 | Nov. 23 | 1976 High | 1976 Low |
|---|---|---|---|---|---|---|
| Industrial | 163.46 | 163.92 | 165.09 | 165.74 | 187.33 (19/6) | 163.23 (25/11) |
| Combined | 164.63 | 164.06 | 164.94 | 166.77 | 199.78 (30/6) | 162.44 (18/11) |
| TORONTO Industrial | 164.92 | 164.45 | 164.49 | 166.04 | 197.46 (30/6) | 164.45 (25/11) |

### JOHANNESBURG

| | | | | | 1976 High | 1976 Low |
|---|---|---|---|---|---|---|
| Gold | 171.1 | 173.2 | 172.7 | 178.7 | 226.7 (19/6) | 115.5 (16/9) |
| Industrials | 174.8 | 176.1 | 174.2 | 174.1 | 215.8 (21/6) | 173.9 (17/11) |

| | Nov. 29 | Previous | 1976 High | 1976 Low |
|---|---|---|---|---|
| Australia (a) | 499.24 | 404.87 | 522.65 (19/3) | 404.89 (29/11) |
| Belgium (b) | 96.12 | 95.60 | 115.15 (5/2) | 87.15 (25/10) |
| Denmark (c) | 97.70 | 96.27 | 115.70 (19/5) | 97.75 (29/11) |
| France (d) | 52.5 | 52.4 | 74.5 (6/5) | 52.5 (26/10) |
| Germany (e) | 727.8 | 719.4 | 821.7 (1/5) | 697.1 (29/10) |
| Holland (f) | 83.9 | 84.4 | 108.5 (9/5) | 79.9 (16/10) |
| Hongkong (g) | 400.96 | 389.30 | 465.48 (1/5) | 384.70 (5/11) |
| Italy (h) | 72.06 | 71.66 | 91.67 (20/3) | 64.35 (10/11) |
| Japan (i) | 347.27 | 349.15 | 369.61 (1/9) | 320.32 (6/1) |
| Singapore (k) | 245.02 | 244.67 | 266.16 (6/2) | 226.60 (2/1) |
| Spain (m) | — | — | 100.76 (7/5) | 72.22 (11/11) |
| Sweden (n) | 385.17 | 380.96 | 476.95 (1/5) | 386.51 (5/11) |
| Switz'l'd (p) | 286.0 | 283.9 | 299.6 (7/5) | 260.2 (4/11) |

Indices and base dates (all base values 100 except NYSE All Common—50, and Standards and Poors 10): (a) Sydney All Ord. (b) Belgian SE 31/12/63. (d) Copenhagen SE 1/1/73. (e) Paris Bourse 1961. (f) Commerzbank December, 1953. (g) Amsterdam Industrial 1970. (h) Hang Seng Bank 31/7/64. (k) Milan 2/1/73. (m) Tokyo New SE 4/1/68. (n) Straits Times 1966. (p) Madrid SE 31/12/74. (q) Stockholm Industrials 1/1/58. (r) Swiss Bank Corp 31/12/58. (u) Unavailable. ‡ Excluding bonds. * 400 Industrials. † 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (e) Closed.

# Pound steady

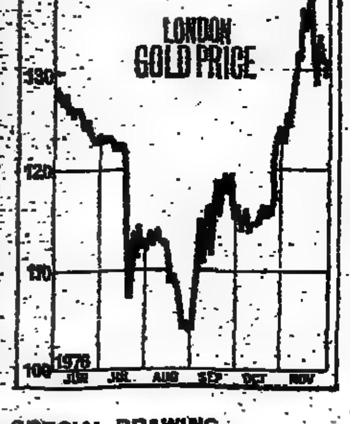
Sterling showed little movement in the foreign exchange market yesterday. Trading was generally quiet and this was mainly attributed to caution while the negotiations with the IMF continue. The market is likely to remain nervous until the details of the Government's expected economic package are known and is also awaiting an announcement about the sterling balances. The pound opened at $1.6465-1.6475, and eased to a low point of $1.6450-1.6460 in early trading. It touched a best level of $1.6485-1.6495 around lunch, and held steady at $1.6475 for most of the afternoon, before closing at $1.6480-1.6490, unchanged on the day.

Sterling's trade-weighted average depreciation since the Washington Currency Agreement of December 1971, as calculated by the Bank of England, widened to 45.6 per cent. from 45.5 per cent., after standing at 45.5 per cent. at noon and 45.7 per cent. in early dealings.

The U.S. dollar's trade-weighted depreciation since the Washington Agreement, as calculated by Morgan Guaranty of New York, narrowed sharply once again, to 0.18 per cent. from 1.38 per cent. This continues to reflect the pronounced weakness of the Canadian dollar. It closed at 97.68½ U.S. cents, compared with 99.50½ U.S. cents on Friday, and the Canadian unit is at its worst level against the U.S. dollar since October last year.

The devaluation of the Australian dollar and New Zealand dollar had little effect on the London market.

Gold fell $¾ to $129¾-130¼. The krugerrand's premium over its gold content widened slightly to 3.09 per cent. for domestic and international delivery.




## GOLD MARKET

| | Nov. 29 | Nov. 26 |
|---|---|---|
| Gold Bullion (a fine ounce) | | |
| Close | $129¾-130¼ | $130-131 |
| Opening | $129¾-130¼ | $129-130 |
| Morning fix'g | $128.75 (£78.078) | $130.00 (£78.631) |
| Afternoon fix'g | $129.65 (£78.642) | $130.25 (£78.844) |
| Gold Coins domestically | | |
| Krugerrand | $132¾-134¾ (£80½-81½) | $133½-135½ (£81-82) |
| New Sov'r'gns | $46-48 (£28-29) | $47-49 (£28½-29½) |
| Old Sov'r'gns | $47-49 (£28½-29½) | $44½-46½ (£27¼-28¼) |
| Gold Coins Intern'nally | | |
| Krugerrand | $132¾-134¾ (£80½-81½) | $133½-135½ (£81-82) |
| New Sov'r'gns | $45-47 (£27½-28½) | $45-47 (£27½-28½) |
| Old Sov'r'gns | $41-43 (£25-26) | $41½-43½ (£25½-26½) |
| $20 Eagles | $217-220 | $218-221 |
| $10 Eagles | $117-120 | $117-120 |
| $5 Eagles | $78-81 | $77-80 |

## SPECIAL DRAWING RIGHTS RATES

| One SDR is equal to | Nov. 26 | Nov. 24 |
|---|---|---|
| Sterling | 0.698989 | 0.700024 |
| U.S. dollar | 1.16597 | 1.15644 |
| Belgian franc | 42.4906 | 42.3604 |
| Deutschemark | 2.77735 | 2.77742 |
| French franc | 5.77204 | 5.76659 |
| Italian lira | 999.357 | 1000.61 |
| Japanese yen | 341.149 | 341.381 |
| Dutch guilder | 2.89699 | 2.89573 |
| Swedish krona | 4.83775 | 4.83565 |
| Swiss franc | 2.83250 | 2.81639 |

Values are for currencies against the SDR as calculated by the International Monetary Fund in Washington.

## FOREIGN EXCHANGES

| Nov. 29 | Bank Rates % | Day's Spread | Close |
|---|---|---|---|
| New York | 5¼ | 1.6450-1.6495 | 1.6480-1.6490 |
| Montreal | 9 | 1.6655-1.6890 | 1.6870-1.6880 |
| Amsterdam | 6 | 4.12-4.15 | 4.13½-4.14½ |
| Brussels | 8 | 60.30-60.80 | 60.55-60.75 |
| Copenhagen | 11 | 9.67-9.70 | 9.68¼-9.69¼ |
| Frankfurt | 3½ | 3.94½-3.97½ | 3.96-3.97 |
| Lisbon | 6½ | 51.70-52.40 | 52.15-52.35 |
| Madrid | 7 | 112.20-112.80 | 112.60-112.70 |
| Milan | 15 | 1.425-1.429 | 1.425-1.427 |
| Oslo | 6 | 8.58½-8.62½ | 8.61¼-8.62¼ |
| Paris | 10½ | 8.21-8.24 | 8.22½-8.23½ |
| Stockholm | 8 | 6.88-6.91 | 6.89½-6.90½ |
| Tokyo | 6½ | 480-485 | 487-489 |
| Vienna | 4 | 28.00-28.35 | 28.05-28.25 |
| Zurich | 2 | 4.01-4.04 | 4.02-4.03 |

* Basic discount. N Rates given are for convertible franc. ● Financial franc 81.00-81.20.

### OTHER MARKETS

| | | Notes | Rates |
|---|---|---|---|
| ♦Argentina | 429.07-429.87 | Argentina | 375-475 |
| Australia | 1.6117-1.6280 | Austria | 27¼-29 |
| Brazil | 19.70-19.90 | Belgium | 60-61½ |
| Finland | 6.29-6.39 | Brazil | 21-23 |
| Greece | 60.654-62.187 | Canada | 1.68-1.71 |
| Hong Kong | 7.81-7.857½ | Denmark | 9.60-9.80 |
| Iran | 114-118 | France | 8.15-8.35 |
| Kuwait | 0.476-0.486 | Germany | 3.90-4.15 |
| Luxembourg | 60.55-60.75 | Greece | 64-68 |
| Malaysia | 4.1545-4.1766 | Italy | 1420-1500 |
| N. Zealand | na | Japan | 480-50 |
| Saudi Arab. | 5.75-5.85 | Netherl'ds | 405-420 |
| Singapore | 4.04-4.06½ | Norway | 8.55-8.75 |
| S. Africa | 1.4247-1.4496 | Portugal | 51-55 |
| U.S. | — | Spain | 109-115 |
| Canada | | Switzerland | 3.95-4.15 |
| U.S. | | U.S. | 1.64-1.66 |
| U.S. cents | 97.67-97.70 | Yugoslavia | 55-65 |

* Basic discount. ♦ Rate given is free rate.

## EXCHANGE CROSS-RATES

| Nov. 29 | Frankfurt | New York | Paris | Brussels | London | A'dam | Zurich |
|---|---|---|---|---|---|---|---|
| Frankfurt | — | 2.402-405 | 48.11-16 | 6.53-64 | 3.963-968 | 95.77-85 | 98.39-46 |
| N. York | 41.52-60 | — | 20.14-08 | 2.7190-7225 | 1.6470-6490 | 39.80-82 | 40.88-41.00 |
| Paris | 207.86-96 | 4.9872-9972 | — | 13.573-604 | 8.221-248 | 198.935-335 | 204.40-80 |
| Brussels | 15.25-31 | 36.74-77 | 7.35-37 | — | 60.54-66 | 14.63-66 | 15.04-07 |
| London | 3.96-97 | 1.648-649 | 8.22½-23½ | 60.55-75 | — | 4.13½-14½ | 4.02-03 |
| Am'rd'm | 104.435-465 | 2.5087-5112 | 50.225-270 | 6.82½-83½ | 4.1345-95 | — | 102.835-885 |
| Zurich | 101.67-88 | 2.4408-15 | 48.87-91 | 6.63½-64½ | 4.0215-30 | 97.33-41 | — |

U.S.$ in Montreal. U.S.$=1.0108-0102 Canadian cents. Canadian $ in New York. C$=100.48-50 U.S. cents. U.S.$ in Milan 866.20-866.70. Sterling in Milan 1425.80-1427.02. †Rates for Nov. 26.

## EURO-CURRENCY INTEREST RATES*

| Nov. 29 1976 | Sterling | U.S. Dollar | Canadian Dollar | Dutch Guilder | W. German mark | Swiss franc |
|---|---|---|---|---|---|---|
| Short term† | 14½-15 | 4¾-5 | 8-9 | 7¼-7¾ | 4¾-5 | — |
| 7 days notice | 15⅝-16¼ | 4¾-5 | 8¼-9¼ | 7¼-7¾ | 5⅛-5⅞ | 2⅛-2⅜ |
| Month | 16-16½ | 4⅞-5⅛ | 9-9½ | 7⅜-7⅞ | 4⅛-4⅜ | 2⅛-2⅜ |
| Three months | 16⅛-15⅞ | 5¼-5⅜ | 8⅞-9¼ | 7¼-7¾ | 4⅛-4⅜ | 2⅛-2⅜ |
| Six months | 16-16½ | 5⅜-5⅝ | 8⅞-9¼ | 7⅛-7⅝ | 4⅛-4⅜ | 2⅜-2⅝ |
| One year | 16⅛-15⅞ | 5¾-6 | 8¾-9 | 6⅞-7⅜ | 5-5½ | 2⅞-3 |

Euro-French deposit rates: two-day 10½-11 per cent.; seven-day 10½-11 per cent.; one-month 11-11½ per cent.; three-month 12-12½ per cent.; six-month 12¼-13¼ per cent.; one year 12-12½ per cent.

Longer-term Eurodollar deposits: two years 6½-7 per cent.; three years 7¼-7½ per cent.; four years 7½-7¾ per cent.; five years 8½-8¾ per cent.

The following rates were quoted for London dollar certificates of deposit: one-month 4¾-5 per cent.; three-month 4 15/16-5 1/16 per cent.; six-month 5¼-5½ per cent.; one year 5¾-5⅞ per cent.

* Rates are nominal closing rates.

† Short-term rates are call for sterling, U.S. dollars and Canadian dollars; two days' notice for guilders and Swiss francs. ‡ Following 17.5 per cent. devaluation.

## FORWARD RATES

| | One month | Three months |
|---|---|---|
| New York | 1.75-1.65 c. pm | 4.52-4.42 c. pm |
| Montreal | 1.15-1.05 c. pm | 3.00-2.90 c. pm |
| Amsterdam | 3⅛-2⅛ c. pm | 9½-8½ c. pm |
| Brussels | 30-10 c. pm | 75-55 c. pm |
| Copenhagen | 4¼-2¼ ore pm | 6¾-4¾ ore pm |
| Frankfurt | 4½-3½ pf. pm | 11⅛-10⅛ pf. pm |
| Lisbon | 30 c. pm-10 c. dis | par-1 c. dis |
| Madrid | 70-170 c. dis | 350-460 c. dis |
| Milan | par-15 lire dis | 40-60 lire dis |
| Oslo | 4½-2½ ore pm | 11½-9½ ore pm |
| Paris | 4½-3½ c. pm | — |
| Stockholm | 3¾-1¾ ore pm | 8¼-6¼ ore pm |
| Vienna | 30-20 gro pm | 70-50 gro pm |
| Zurich | 5⅛-4⅛ c. pm | 13⅝-12⅝ c. pm |

Six-month forward U.S. dollar 8.20-8.10c pm and 12-month 14.00-13.80c pm.

# OVERSEAS SHARE INFORMATION

Investment premium based on $2.60 per £—120½% (120⅞%)

## NEW YORK

[illegible]

## CANADA

[illegible]

## GERMANY ◆

[illegible]

## PARIS

[illegible]

## AMSTERDAM

[illegible]

## COPENHAGEN ♣

[illegible]

## VIENNA

[illegible]

## MILAN

| Nov. 29 | Price Lire | + or − | Div. Lire | Yld. % |
|---|---|---|---|---|
| Alitalia Priv. | 530 | +60 | — | — |
| ANIC | 399 | −18 | — | — |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## BRUSSELS/LUXEMBOURG

[illegible]

## SWITZERLAND ●

[illegible]

## AUSTRALIA

| Nov. 29 | Aust. $ | + or − |
|---|---|---|
| ACMIL | 0.69 | +0.01 |
| Acrow Australia | 0.62 | |
| Adelaide Brighton Cement | 1.20 | +0.02 |
| Allied Mfrg-Trdg. Indus. $1 | 1.50 | |
| Ampol Exploration | 1.0 | −0.05 |
| Ampol Petroleum | 0.70 | +0.08 |
| Assoc. Minerals | 2.20 | +0.20 |
| [illegible] | [illegible] | [illegible] |

## TOKYO ¶

[illegible]

## STOCKHOLM

[illegible]

## OSLO

[illegible]

## BRAZIL

| Nov. 29 | Price Cruz | + or − | Div. Cruz | Yld. % |
|---|---|---|---|---|
| [illegible] | 4.90 | +0.24 | .18 | 3.67 |
| [illegible] | 2.77 | −0.17 | .14 | 5.05 |
| [illegible] | 1.50 | −0.05 | .15 | 10.0 |
| [illegible] | 0.90 | | .15 | 16.67 |
| [illegible] | 3.97 | +0.07 | .18 | 4.53 |
| [illegible] | 2.38 | −0.16 | .11 | 4.62 |
| [illegible] | 5.28 | −0.16 | .18 | 3.06 |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## JOHANNESBURG

### MINES

[illegible]

### INDUSTRIALS

[illegible]

## SPAIN ♥

[illegible]

Steady

هكذا في الأصل



# FINANCIAL TIMES SURVEY

Tuesday November 30th 1976

# Barbados

Barbados has coped better than most developing nations with the problems of the world recession and looks capable of continuing to organise its internal affairs on a stable and orderly basis.

## ...bility ...cted ...ew ...ers

...abine

...R of this year, ...t to the polls, ...rkable political ... the Democratic ...which had been ...5 years, had a ... to six in the ...e of Assembly ...r, Errol Barrow, ...personal follow- ...electorate. The ...nment, the Bar- ...Party, almost ...ed the previous ...r by winning a ...y.

...ally there are ...ences between ...which dominate ...such an extent ...candidate not ...her of the two ...st his deposit. ... were differ- ...ls in their elec- ...but essentially ...ist, pragmatic parties in the mainstream of the social democratic tradition. The factors which produced this dramatic turnround in the political situation provide important clues to Barbadian attitudes to their society.

Although unemployment was a major point of controversy in the election campaign, with the BLP claiming that the true rate of unemployment was 26-28 per cent., compared with the official figure of 14 per cent., the Barbadian electorate was too sophisticated to hold the Government entirely responsible for the economic problems of the past three years, which were largely the result of the oil price rise of 1973 and the subsequent recession in the world economy. These problems—a decline in tourism, higher energy costs and 40 per cent. inflation in 1974 were generally recognised to be outside the control of the Government of such a small island as Barbados.

Apart from a general feeling that it was time for a change, what particularly alarmed the voters was that the Government seemed to be tampering with the island's cherished constitutional integrity. The Barbados Parliament was established in 1639, and claims to be the third oldest in the Commonwealth. An important principle is the separation of the powers of the legislature, the executive and the judiciary, but the Barrow Government threatened this safeguard by constitutional amendments which gave the executive an important say in the appointment of the Chief Justice and the judiciary. During the debate on these amendments, Mr. Barrow appeared arrogant and impatient with factions in Barbados, including the Church, which opposed the changes.

Another feature of the election campaign was the allegation of corruption among members of the Government and their associates. These included the purchase of an old U.S. Navy barge at an initial estimate of \$B1m. and a final total of \$B7m.; the barge was supposed to be the first ship in the Barbados merchant navy, and was planned to transport cement from the island to Guyana from a cement plant which is unlikely ever to be built.

## Conservative

This was enough for the electorate, who turned in no uncertain fashion to the Barbados Labour Party under the leadership of Tom Adams, the son of the former Premier, Sir Grantley Adams, who was also head of the short-lived West Indies Federation. The new Government promised respect for the integrity of the constitution, a free national health service and the abolition of selection in education.

Barbados is widely regarded as by far the most conservative of the West Indian islands. The stability of its political institutions is mirrored by an enviable social stability. During the period of heaviest unemployment there was a small increase in petty crime, but generally the young unemployed are looked after by their families. Religious influence is powerful, and it is a society with a deep-rooted instinct for moderation. The radical politics of Guyana and Jamaica find no echo in Barbados. Earlier this month *news of a political shooting incident* in Jamaica reportedly was costing that island \$1m. a day in cancelled tourist bookings. The Government and the business community in Barbados are particularly anxious to avoid the possibility of any similar incidents on the island. Tourism, they believe, can both avert social unrest and political agitation by providing substantial employment, and also buy time while other aspects of the island's economy are developing.

Visually the island has the full Caribbean equipment of waving palms and shining sands, particularly along the West coast where the lusher tourist developments are sited. The Eastern, Atlantic coast is more reminiscent of Brittany or the Channel Islands, with rocky headlands and inlets, and is where the Barbadians themselves take *their holidays.*

The Barbadian people are conservative, somewhat reserved but friendly. There seems to be an almost total absence of racial tension; the business community is dominated by the whites, many of whom have been on the island for six or seven generations, but there are no signs of discrimination, even at the haven of the Barbadian establishment, the old-established Bridgetown Club.

Barbados is proud of its tradition of education, and boasts a literacy rate of 97 per cent., one of the highest in the world. But paradoxically, this high level of *educational qualification could* pose problems for one of the policies of the new government; the aim to expand agriculture and reduce the island's dependence on imported food, which in 1975 accounted for B\$46m., or nearly 25 per cent. of the total import bill. Well qualified Barbadians are showing some reluctance to return to agricultural work, and in other sectors of the economy there are not enough job opportunities.

## Birthrate

Both the business community and the Government are conscious of the need to provide employment to maintain social stability, but although over the past 15 years a family planning campaign has been successful in reducing the birthrate from 33 per 1,000 to 19.8, the effect on the numbers entering the workforce will not be felt for some years. It is estimated that by 1980 it will have increased by 20,000—a rise of 22 per cent. over the 1970 level.

Some businessmen argue that the tourist industry can respond very quickly to job creation programmes. With hotel occupancy rates as low as 27 per cent. during the off season, there would be room for expansion without building new hotel rooms. The Government is already committed to spending US\$25m. on the airport, and it is argued that to justify this investment and to iron out the seasonal fluctuations in unemployment, which rises sharply when the main tourist season and sugar cane cutting period are over, the Government should spend more on tourist promotion.

Barbados has infrastructural advantages both physical, with 600 miles of paved roads in its 166 square miles, and social, with an experienced and competent civil service. But hopes expressed two years ago that the island might become self-sufficient in oil have been dashed and at present local discoveries provide only just over 10 per cent. of total consumption. The picture for gas is brighter, with self-sufficiency ensured for some years to come.

Barbados was one of the prime movers behind the establishment of the Caribbean Community (CARICOM), and is host to a number of CARICOM institutions, including the Caribbean Development Bank. This grouping of Commonwealth countries in the East Caribbean was designed primarily as a trading bloc and has been involved in substantial negotiations with the EEC under the Lome Convention.

But CARICOM has found itself under increasing strain, mainly because of the ideological differences between member nations. The latest incident was the crash of the Cubana aircraft off Barbados. Guyana claimed that the two Venezuelans arrested for planting the bomb aboard should have been tried in Barbados, and that Barbados was more concerned with avoiding a major security problem just before the opening of the important winter tourist season.

In a recent interview, new Prime Minister Tom Adams claimed that the high external tariff imposed by CARICOM had been economically damaging to Barbados because of the island's need to import nearly all its food and other products. Although he remained in favour of working within the framework of political co-operation, he does not support the creation of a formal political union in the Caribbean. There is also a considerable divergence within CARICOM on foreign policy; while Guyana has established strong diplomatic links with the Soviet bloc, Barbados has recognised Israel and Taiwan for many years and the new Government has said that it is seeking closer relations with the U.S. Although under strain and with many anomalies, CARICOM is still of sufficient value as a trading bloc to be maintained in some form.

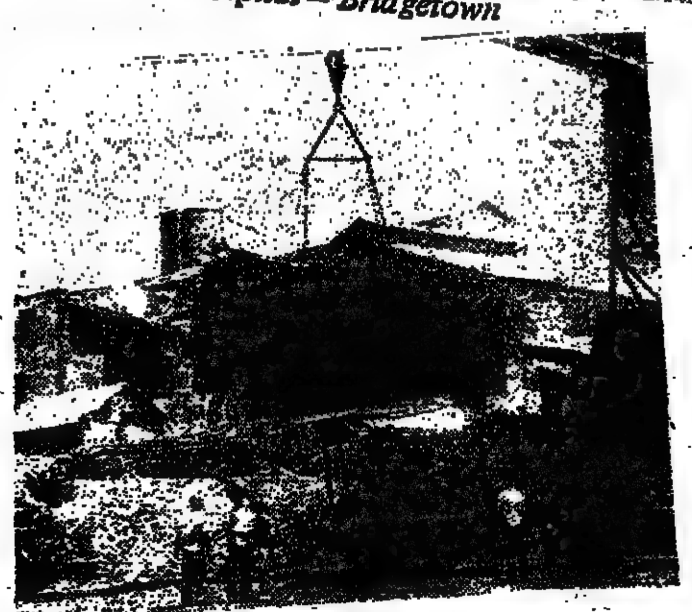
Barbados has made major economic progress since independence in 1966. Gross domestic product per capita has jumped from B\$683 to B\$2,000. Once almost wholly dependent on sugar, the island has developed a variety of crops such as sea island cotton and onions, and has expanded its manufacturing activities, largely through a system of tax incentives that lured subsidiaries of North American corporations. The number of tourists has risen from 77,000 in 1966 to 221,000 in 1975, itself a small fall on the record 1974 total.

Barbados has coped better than most developing countries with the problems of the recession and looks capable of continuing to organise its internal affairs on a stable and orderly basis. But it remains a small island vulnerable to the economic storms of the outside world.

**BASIC STATISTICS**

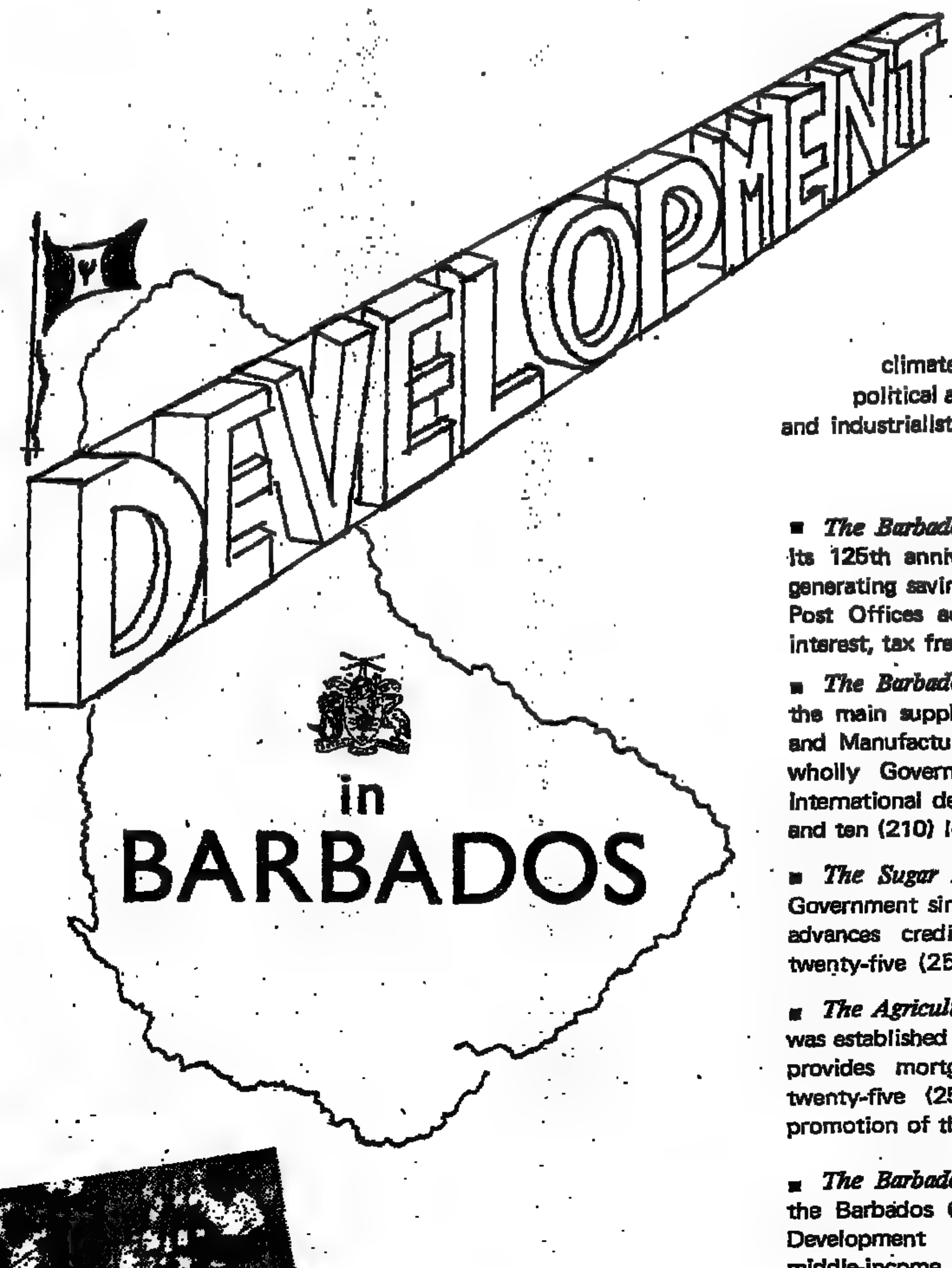
Area: 166 square miles
Population: 255,000
GNP: \$B700m.
Trade (1975)
Imports B\$437m.
Exports B\$217m.
Imports from U.K. B\$95m.
Exports to U.K. B\$59m.
Currency: £1=B\$3.3


the capital — Bridgetown



a sugarcane factory

a garment factory




Barbados, the most easterly island of the Caribbean, has an area of 166 square miles and a density of population of 1470 per square mile. Since its colonization by the British in 1627, the island has enjoyed a stable political climate achieving its independence on November 30, 1966. The political and atmospheric climate is conducive to attracting tourists and industrialists to these sunny shores.

- *The Barbados Savings Bank* established in 1852 will be celebrating its 125th anniversary in 1977. It is a Government-owned institution generating savings through its thirteen (13) district branches located in Post Offices across the island. The bank offers competitive rates of interest, tax free concessions, and all the modern chequing facilities.
- *The Barbados Development Bank* established in 1969, functions as the main supplier of long term (credit facilities) loans to the Tourist and Manufacturing sectors including the many small businesses. Being wholly Government capitalized, it is empowered to borrow from International development agencies and has extended over two hundred and ten (210) loans totalling \$7 million since it was established.
- *The Sugar Industry Agricultural Bank* capitalized by the British Government since 1903 with seasonal financing from commercial banks advances credit to sugar producers with holdings in excess of twenty-five (25) acres.
- *The Agricultural Credit Bank* successor to the Peasants' Loan Bank was established in 1961. It is fully government owned and financed and provides mortgages and operating loans to small farmers (under twenty-five (25) acres) and co-operatives. This has aided in the promotion of the diversification programme.
- *The Barbados Mortgage Finance Corporation* jointly established by the Barbados Government and the United Kingdom Commonwealth Development Corporation provides mortgage financing for middle-income housing thereby ensuring the availability of mortgage loans to this grouping.
- *The Industrial Development Corporation* was established in 1969 as the successor to the Barbados Development Board. It stimulates, facilitates and undertakes the development of industry and hotels in the island thereby causing a substantial increase in job opportunities in its many Industrial estates in the various districts of the island.

To bring about increased efficiency, plans for consolidating these institutions — excluding the Barbados Industrial Development Corporation — and establishing a National Bank of Barbados with divisions for Savings, Agricultural financing, Development banking, and a Commercial division, are being examined.

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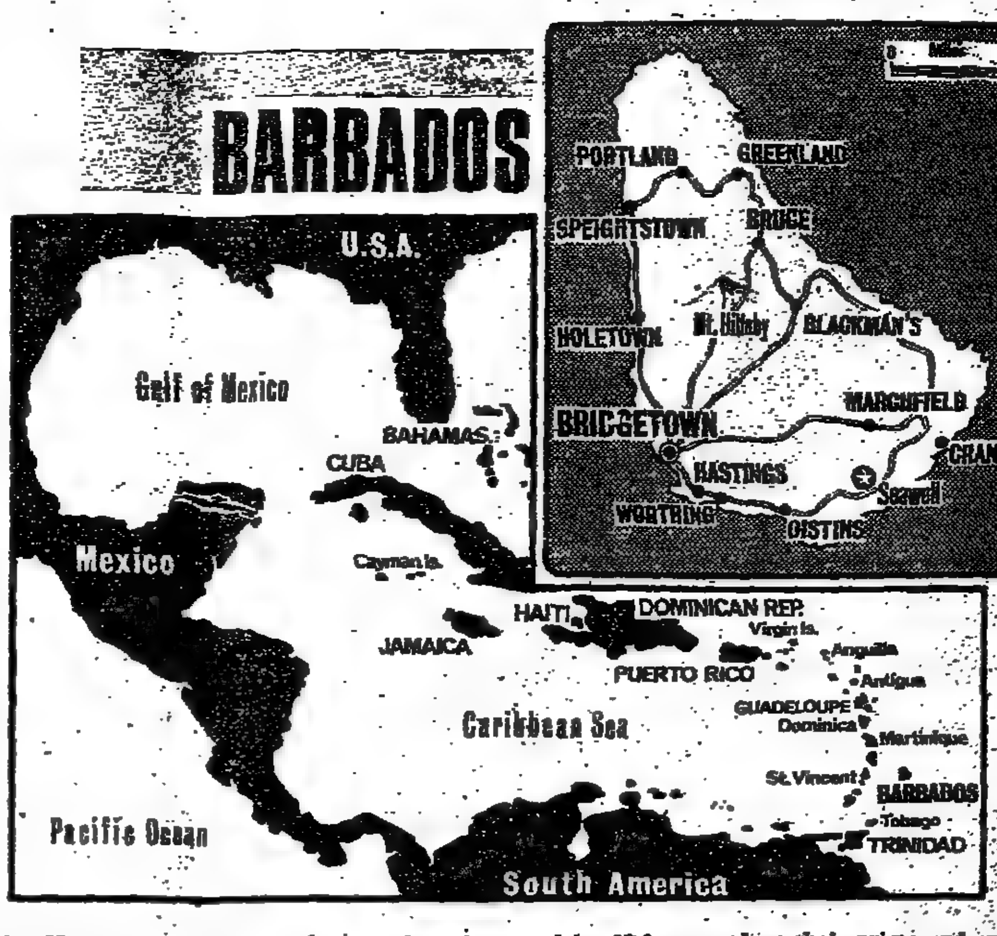
# Better prospects for growth




AFTER THREE years under the influence of the world recession, during which the Barbadian economy could manage no more than 2 per cent. growth a year, there is now a feeling of tempered optimism that 1977 could see a return to a higher rate of expansion.

There are signs throughout the whole of the Eastern Caribbean that the coming tourist season should be a good one, following the economic upturn in the U.S. and Canada. Sugar production should be higher than the 1975 total of 97,000 tons, and may reach the 120,000-130,000 tons range, but receipts will fall because of the lower price prevailing on the world sugar market: last year under the Lome Convention sugar was sold at £260 a ton, and receipts rose more than 70 per cent. over 1974 to $110.7m. Internally there are signs of revival in the construction industry, especially the private residential sector, and manufactured exports are also showing signs of improvement.

Apart from the general improvement in the world economy, the most important factor in improving prospects for the Barbados economy is the sharp decline in the rate of inflation. The 40 per cent. inflation rate of 1974 was followed by an increase of only 12.3 per cent. in the retail price index in 1975. In the current year, prices have been rising at no more than an estimated 2 or 3 per cent.

The major contributor to this slowdown was the decision in July 1975 to sever the traditional link with the pound sterling and tie the Barbadian dollar to the U.S. dollar. This meant a revaluation of 9.7 per cent. against all other currencies. In any case, the trend in import prices was becoming more stable, and the decision to switch to the dollar gave added protection against price increases that would have resulted from a continued link with the pound.

Unemployment remains a cause for concern, and was a major point of contention in the recent election. There were increases in employment in the manufacturing sector last year, a trend which has probably been carried through to the present year, but this has still not been enough to replace the jobs lost at the height of the recession. As an immediate step, the new Government has raised the school-leaving age from 14 to 16.

There is some concern about the forthcoming talks with the Barbados Workers Union, the island's major trade union, which is due to renegotiate a two year agreement beginning in 1977. Some officials fear that too high a settlement might restimulate domestic inflation at a time when the imported variety is under reasonable control, and put a stop to the economic growth that is needed to stimulate employment. The BWU's initial demand was for a 60 per cent. increase, but this is widely regarded as an opening shot in what could be a lengthy series of talks. Earlier this year civil service workers were awarded 25 per cent. over the next two years.

## Surplus

Last year Barbados had a balance of payments surplus of $B33.6m., the highest in its history. The low level of internal activity reduced demand for imports, but the main factor was the unusually high price which the island earned for its sugar exports, which brought in $B110.7m., compared with $B60m. in 1974. With sugar prices currently much lower no such surplus is likely in the current year. Central Bank Governor Courtney Blackman estimates that the deficit will be in the region of $B20m., and will be financed by reserves built up from the previous year's high sugar earnings. Imports of consumer durables fell by one-third in the first half of 1975, and car imports were down by a similar percentage, but imports of manufactured goods for consumer purchase increased by 22.6 per cent.

The latest quarterly report of the Central Bank of Barbados, covering the period to last September, gives some indication that recovery is under way. Merchandise exports, mainly manufactured goods, were about 25 per cent. higher than the previous quarter, and running 40 per cent. above last year's levels.

The retail price index actually fell three points from the January-March level, largely due to a drop in food prices. International reserves remained fairly constant throughout 1976 at about $B68m. Barbados retains its strong capacity to borrow abroad, and the foreign element in the National Debt, currently $B42.3m., has not changed over the past three years.

Restrictions on the movement of capital imposed by the Central Bank have kept funds in the island, and businessmen report that there is no shortage of investment capital for new projects. Last year the commercial banking sector was almost excessively liquid due to the heavy sugar payments. Although domestic credit rose by $B13.5m. to $B415m. during the second quarter of 1976, the public sector was responsible for the whole of the increase, and lending to the private sector actually declined; the Central Bank issued a directive to the commercial banks to reduce their prime and average lending rates to 8½ per cent. and 10 per cent. respectively.

Projects worth $B85m. are currently being financed by the Inter-American Development Bank, including $B18m. of the estimated $B27.6m. cost of the new deepwater seaport. The expansion of the newly-named Grantley Adams International Airport is expected to cost $B28m., of which $B20m. is being provided by a loan from Canada. In the agricultural sector the Caribbean Development Bank is contributing $B5.5m. to the extension of the facilities of the Barbados Marketing Corporation. The island also receives help from the United Nations Food and Agricultural Organisation, but Prime Minister Adams pointed out in his United Nations speech that the UN's cash flow problems have led to cutbacks in aid which, in the case of Barbados, has led to the reduction or closure of certain programmes. Barbados also has a $30m. line of credit from Trinidad.

## Dominant

Tourism and sugar remain the dominant sectors in the island's economy, accounting for $B270m. out of a total GDP of $B700m. in 1975. The previous government was criticised for taking scarce land out of production for development purposes, thus reducing the total crop. Total acreage fell from 48,700 to 36,000 between 1970 and 1975.

The new government has promised to take steps to halt the decline in yield, and also to build up the non-sugar sector to cut food import bills. It is promising an agricultural zoning system and the establishment of sites for processing, freezing and canning. An important development is the growth in production of sea island cotton, which is a viable alternative to sugar cane in the drier areas. In 1975, production totalled 358,000 lbs., twice the 1974 output.

Other important crops include onions, yams, and sweet potatoes. It seems inevitable, however, that Barbados will need to import substantial volumes of food in the foreseeable future, despite the best intentions of self-sufficiency.

In the tourist sector, the number of arrivals should get back to the levels experienced in 1974—over 230,000. With prices having risen in the meantime, receipts from tourism should rise substantially, including extra contributions to the Barbadian Treasury by purchases of duty-bearing items such as drink and tobacco. The recession was more painful to the smaller, Barbadian-owned establishments than to the larger international hotels, which were able to keep going by cutting staff in offpeak seasons and offering heavily reduced prices. The government has promised to aim its promotion at the middle income tourist and institute training courses for hotel workers and management.

In the manufacturing sector, which many Barbadians see as a counterweight to the dependence upon sugar and tourism, the most important sectors are clothing—the largest employer—electrical components and chemicals. Some businessmen feel that Barbados is not yet capitalising sufficiently on its tariff preferences to the U.S., Canada and the EEC under the Lome Convention. There have been calls for an improvement in export promotion services. Others believe that the best way would be to attract investment by multinational companies whereby Barbados companies could manufacture i[n] brands under licenc[e] bution by the paren[t]

Industrial product[ion fell] off during the seco[nd] but still stood over higher than in the ing period last yea[r] production was up from the previous building materials a[s] as major public and [pro]jects became poised stream.

The Barbadian has traditionally fairly cautious fiscal will aim to prod[uce] balance in its budg[et] policy, the governm[ent] mised to abolish in[...]ces, which were controversy under [...]sor. In future, no be necessary where restriction on the im[...] particular product.

## Keen

The Barbadian sense remains keen. Angola crisis, sever[al] unscheduled flig[hts] Havana stopped to Barbados on the[ir] Africa. The Barbadi[an] ties managed to turn in a manner worthy an earlier visitor to whose statue stands town's Trafalgar S[quare] the Cubans large fuel and collected Airport fees. It was n[ot] Americans discov[ered] Cubans stopping issued strong protes[ts] Barbadian authoritie[s] Cubans to get their where.

While Barbados i[s] ing away from its economic activities, still a long way to the island can cre[ate] jobs in manufac[turing] become less depende[nt] and tourism. There i[s] for a period of stro[ng] growth and foreign Barbados has emerge[d] recession in better most of its neighbou[rs] heavily dependent o[n] it needs to rely on tional virtues of st[...] business acumen.

Peter [...]

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# Diminishing role for agriculture

WITH ONE notable exception, Barbados has experienced appreciable growth in key sectors of the economy in the ten years it has been an independent nation. That exception has been agriculture and, more particularly, sugar which, far from expanding, has declined in terms of production, employment and the dominant role it once played in the life of the island.

Statistics amply illustrate the crisis through which sugar has passed during the past decade. Production in the first year of independence, the 1967 crop, was 201,000 tons, the second largest in history, reaped from an acreage of 52,170 acres. This year's crop gave just over half that figure 102,000 tons, from a mere 39,265 acres. Employment in the sugar industry decreased by 55.5 per cent. between 1969 and 1975 and, of the overall work force on the 140 plantations, a mere 5 per cent. were under the age of 30.

## Lured

Reasons for the shrinkage of an industry on which Barbados was built are myriad. There was a quite definite, and understandable, desire on the part of the Government to diversify the economy and to escape the perils of a single crop domination. The spectacular advance of tourism attracted the young workers who, in earlier days, would have gone into the sugar industry on leaving school. It also lured away a lot of local investment and influenced the sale of arable land for development purposes. The expansion of the light manufacturing sector had the same effect, if to a lesser degree. Adverse weather conditions and illegal cane burning were also significant points in the contraction.

There can also be no doubt that sugar, for so long the symbol of slavery and colonialism, received little political encouragement. It was, therefore, ironic—and, to the industry itself, satisfying—that the state of agriculture, especially sugar, should have been one of the main issues in the September general elections which resulted in a change of government.

The sudden upsurge of political interest was not difficult to understand. Politicians rarely back losers and, for many years, sugar had been a loser. In addition, those who were losing were mainly the plantocracy who no longer enjoyed the political influence they once wielded and whose pleadings for attention need not have been noticed by a government which was witnessing pleasing economic growth despite the industry's problems. Suddenly, in 1975, that all changed as the price of sugar on the world market climbed to an all-time high and the commodity was a loser no more but, instead, a hot political issue.

During that year, countries big and small were feeling the pinch of the oil crisis and the general recession. Receipts from tourism in Barbados actually declined, economic activity slowed alarmingly and there would have been a grave crisis had it not been for sugar.

Even though the crop that year fell below the 100,000 tons mark for the first time in more than 20 years, it produced a windfall of $B111m. in exports (including molasses and rum) of which the Government claimed $B28.4m. through a special export levy alone. The blow of the recession was, therefore, cushioned and sugar deserved most of the credit.

It has proved, as was inevitable, only a temporary blessing and, as world prices have steadily fallen, the sugar industry has resigned itself to more difficult times in the future. Yet such fluctuations are nothing new and Barbadian sugar producers complain that they need a political attitude which is more consistent than the changing world prices to keep the industry as the mainstay of the economy, as it has been for centuries.

Fortunately for them, the new Government has firmly committed itself to paying more attention to agriculture. It may not have taken the position it did in the election campaign had it not been for the events of 1975 but, whether so or not, they have made promises which are in black and white in their manifesto.

Perhaps the most important of these is that of getting unworked arable land back into production. When the price of sugar was depressed and rainfall was low, a lot of good agricultural land was sold into small lots and therefore lost to production. Nothing can be done about such cases now, except to use them for emphasising a political point. Yet the Minister of Agriculture, Mr. Lindsay Bolden, estimates that there are as many as 12,000 acres which can now be put back into agricultural use and he has announced measures to encourage the owners to do so, going as far as compulsory acquisition of land by Government.

## Holdings

The Government itself has taken the lead by acquiring a 375-acres plantation on the east coast from an American group which had bought it from the previous administration for tourist development. According to the Prime Minister, it will be immediately returned to production under the Agricultural Development Corporation, the statutory body which runs Government's agricultural holdings.

Whether such interest and other plans such a removing the duty on agricultural equipment will immediately stimulate sugar production only time will tell. Assurances of a steady market for exports at a remunerative price and the ability to keep production costs to manageable proportions are more critical than all the pledges any Government can give. So too are the potential to modernise production methods through mechanisation and the capacity to attract young school-leavers into the industry once more.

Barbados has an annual quota to the European Economic Community under the Lome Convention of 52,000 long tons at an agreed price of approximately B$650 (c.i.f.) which comes up for renegotiation early in the new year. This is just about half what the island fetched for its sales on the world market in the bonanza of 1975 but, with the world price now down around the B$520 a ton mark, the value of a negotiated, long-term contract has again been emphasised. In fact, if Barbados were forced to sell on the world market now, it would show a loss per ton. As it is, the EEC price barely ensures a profit for an island where costs are among the highest in the world.

With the likelihood of a further rise in oil prices in the new year and a new wage contract scheduled by January 1, Barbados is keeping its fingers crossed that M. Lardinois and his fellow negotiators in Brussels are in generous mood when they come to review prices they will pay African, Pacific and Caribbean producers in 1977. It is also waiting on an indication as to what the attitudes of the new American Carter Administration will be to the United States Sugar Act since, under the Act, it was able to export 30,450 long tons to that market at a fair profit, last year.

There is little that can be done about the costs of the industry. All the inputs have to be imported and, while limited mechanical harvesting has proved successful in reducing the work force, complete mechanisation is impractical because of the undulating terrain in several areas.

CONTINUED ON NEXT PAGE

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# ontinued emphasis on infrastructure

5 size, over-popula- lack of natural arbados has been without exaggera- of infrastructural which has no equal of the Commun- pean.

sea ports are mod- ent, it has one of nsive road systems (over 600 paved 6 square miles), alth and housing maintained to a (the literacy rate ent.) and public ts electricity, tele- iter are the envy urs.

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as said that his ll be implement- r of externally cts on which over e spent. One of in office was to ent with a firm consultants for e establishment ctor Investment This Unit will ologies and pro- mulating, imple- valuating public nt projects.

which depends ar exports and rade for its eing and which dependent on atural that suc- s Governments ars have placed on the develop- ort and its sea- by the former Mr. Errol bados' "main cently renamed Grantley Adams Airport after the island's first Premier and the present incumbent's late father, has witnessed unceasing expansion to cope with the rapidly growing tourist industry since the late 1950s. Between 1960 and 1970 passenger traffic increased by 16 per cent. and 975,000 passengers used it last year. Estimates are that this figure will be more than doubled in 10 years time and a scheme which will provide a new terminal building and related parking and road facilities is now in progress.

The development, undertaken through assistance from the Canadian Government and the Inter-American Development Bank, is expected to cost B$28m. and to be completed in a year's time. Experience at the airport on any Saturday afternoon, when two jumbo jets and three more conventional-size jets arrive within four hours of each other, emphasises the need for the expansion.

## Terminal

The new complex will cover an area of nearly 30 acres and the ground floor area in the new terminal will be about three times the size of the present one—and more than 20 times larger than it used to be in the pre-tourist boom days of the early 1950s.

With no natural deep water harbour, as is the case in islands like St. Lucia and Grenada, Barbados was forced for decades to use a relay system of lighters to unload cargo from ships anchored off-shore and to tranship its sugar exports in bags. That changed in 1961 when a deep water port, built on reclaimed land just outside Bridgetown, was opened, resulting in a dramatic change in the logistics of exporting and importing.

The Bridgetown Port, in its 15 years of existence, has been handling an average of 200,000 tons of cargo annually while at the same time shipping all the island's sugar exports and accommodating more than 150 cruise liners. Now it is in danger of being congested and work has started on expanding it. Construction Aggregates, an American company, has been contracted to do the dredging and additional land reclamation, a job worth B$8.7m., while Misener Marine Construction Inc., also an American organisation, will be responsible for the rest of the work on a contract worth B$10.6m. Stevenson Hartke Associates of Canada are the general contractors and consulting engineers.

When completed midway through 1978, the project, estimated to cost an overall B$27m, will extend the present quay from 1,200 to 1,800 feet. A new transit shed is to be built and the present one improved while there will be a new administration block. The final phase of the construction will include the erection of a bulk handling facility on 18 acres of reclaimed land and the creation of a new wharf for small, shallow draft vessels such as those that ply between the Caribbean islands.

Since the creation of the Caribbean Community (Caricom) and with the general economic recession, imports from the metropolitan countries slackened in recent years and the Bridgetown Port suffered to a certain extent as a result. The present expansion is not expected to handle any sudden upsurge in imports in the near future but is more an attempt to secure trans-shipment traffic for the islands of the Leewards and Windwards. In addition, it is planned to end the use of the Careenage in the heart of Bridgetown where virtually all the inter-island vessels are now loaded and unloaded and which has become too crowded.

A related development will be the establishment of a flour mill and grain terminal at the Port at an estimated cost of B$10m., a facility which in itself will increase tonnage handled annually and which, it is hoped, will considerably reduce one major constituent of the annual bill for food imports.

Another project involving heavy capital investment of B$27m. is that which will provide a completely new sewerage system for the city of Bridgetown and its surroundings. The Treatment Plant for the project is to be located on the site of a sprawling near-slum area, thus allowing the Government to remove that particular problem by resiting residents in a new area with a better standard of housing.

The Inter-American Development Bank is providing partial funding for the scheme with a soft loan of B$19.4m., with an interest rate of two per cent. per annum and an eight-year grace period on repayments.

An agreement signed just over a year ago for financial and technical assistance from the European Economic Community has earmarked B$1.2m. for the modernisation of fish-landing centres through the construction of landing, storage and processing facilities, B$1.8m. for agricultural development and extension and smaller sums for the dispersal of health centres in outlying districts.

With such a list of programmes already in progress, the new administration could hardly be blamed for checking its high expenditure on development. However, it is not as politically naive as that and it has quickly won approval in Parliament to proceed with the first of its plans, the improvement of a large section of the east coast between Boscobelle, in the parish of St. Andrew, and Bath in St. John, one of the most depressed areas of Barbados.

There has been the problem of soil erosion in parts of that area and Mr. Adams has said correcting this will be a priority. Dams will be built to provide irrigation for a large acreage of fruit-growing with such fruit as oranges, grapefruit, mangoes and papayas which are not produced in large quantities at the moment and which have to be imported from neighbouring islands to supply local and tourist industry demands.

The scenic east coast road, taking in the rugged coastline on the Atlantic side of the island, will be extended and recreation facilities provided.

## Facilities

There are other ideas which the Government is ready to implement as soon as it can find suitable funding agencies. It will, it has said, establish new towns or, as it put it in its election manifesto, "subsidiary urban areas" in Oistins, Speightstown, Holetown, Belleplaine, Welchman Hall, and two yet undetermined areas in St. George and St. Philip. New facilities will include community centres, markets, libraries, gymnasia, and post offices. The "concentration of services and development in the Bridgetown area is one of the greatest threats to the proper physical development of Barbados," the manifesto contended.

The Government also intends improving road connections to the villages on the east coast where new fisheries and port facilities will be established.

One of the major political issues at the moment is unemployment, estimated at either 13 per cent. or 25 per cent. depending which party is providing the figures. The new Government realises that it will be a millstone around its neck if it is not partially eased by the time the next election comes around and is aiming to provide 3,500 new jobs through its development projects.

"We cannot afford to subsidise employment activity out of taxation," Mr. Adams told the House of Assembly recently. "These development projects mean investment of money to provide more work for a greater number of people."

They also mean, of course, that Barbados will be maintaining its established tradition as an island of advanced infrastructural development in an otherwise underdeveloped part of the world.

**Tony Cozier**

*quare at the centre of Bridgetown, Barbados's capital.*

# iculture

CONTINUED FROM PREVIOUS PAGE

incidentally, dislocation of ct, in the early l to be brought neighbouring ncent and St. h the harvest, Barbadians to , even though ter on an aver- er developing countries like Fiji or India.

would reduce se in the aver- This is heavily the weather, the late 1960s though illegal ed cane burn- y insects were constraints in pears, for the ast, that the is over while paganda cam- it eliminated ction can be to between 50,000 tons elds of over an acre com- e new Govern- considered it objective and ugar industry assured once here is a long

ducts of sugar imistic fore- elopment of s as flourish- and molasses trade have proved over the years.

Molasses, exported mostly to Canada, earns, on an average, about B$5m. annually in foreign exchange—although it was double that amount in 1975 when the price was extra-ordinary high. As any Barbadian—and many non-Barbadians too—will attest, Barbados rum is the finest anywhere. Exported in bulk principally to Britain and Canada it brought in just over B$4m. in 1975.

A new by-product of the sugar industry is known as Comfith, the basis of a feed-stock for beef. Although rich in protein, sugar cane has never been good fodder for animals because of its tough unpalatable outer skin. However, two Canadian scientists developed a method of separating the skin—or rind—from the soft, chewy interior four years ago and it is this fluffy pith which, mixed with urea, after the juice has been extracted, has proved an excellent feed for cattle. A pilot plant has been established and, if only half as successful as its proponents claim it is, it should significantly reduce Barbados' animal feed bill while at the same time boosting livestock production.

Another important, more recent development has been the process of converting bagasse (the cane after it has been milled) into valuable manure through a new process of decomposing into humus or organic manure. The company involved estimates that it can boost sugar production in areas where the soil is low in organic content and, naturally, reduce imports of fertilisers.

If sugar does claim a large percentage of the land, thus restricting any large-scale production of other food crops, there are certain areas where the rainfall is poor and the land so unsuitable that sugar simply cannot survive. It is here that the revival of sea island cotton, dormant for many years, has proved a boon. The emergence of synthetics and attacks by insect pests virtually killed off the cotton industry in the 1930s but it was reinstated with considerable financial and technical help from the British Government in the late 1960s, not only in Barbados but in the Leeward Islands as well.

## Contract

A high quality material, it has, somehow, caught the fancy of the Japanese, and Barbados is aiming to fulfil a contract to supply 300,000 lbs of lint to a Tokyo spinner from the next crop. An attack of pink boll worm caused a drop in production from 358,000 lbs of lint in 1975 to 193,000 lbs this year. With the pest eradicated, the industry is confident it can reach the 1975 figure again in 1977.

With most of its arable land utilised for the production of export crops, it is little wonder that Barbados has to import almost all of its food—worth as much as B$92.8m. in 1975. Sweet potatoes, yams, carrots and onions are grown in varying quantities, enough of the last mentioned to export surpluses to the neighbouring islands. However, lack of a food processing plant and difficulties in marketing have repeatedly led to the age-old problem of fluctuating periods of glut and shortages. One plantation recently gave away 22,000 lbs of sweet potatoes because of a glut on the market. Others have been, on occasion, forced to plough surplus produce back into the soil.

The new Government has indicated that it wants more linkages between the tourist and agricultural sectors with plans to establish agro-industrial sites in the parishes of St. Phillip and St. Joseph for processing, freezing and canning of vegetables. Already, a pork processing plant is in operation and, as it gradually overcomes teething problems, should stimulate pig-rearing.

Planters in Barbados have long argued that those who are impressed by the glitter of tourism and light manufacturing industries are losing sight of the fact that Barbados' prosperity was initially founded on its agricultural output. As the largest single earner of foreign exchange and an important source of employment, it still has a crucial part to play in the economic development and, even though it is too early to speak of a boom, there is a new sense of optimism now that it is receiving the attention it has lacked in the past.

**T.C.**


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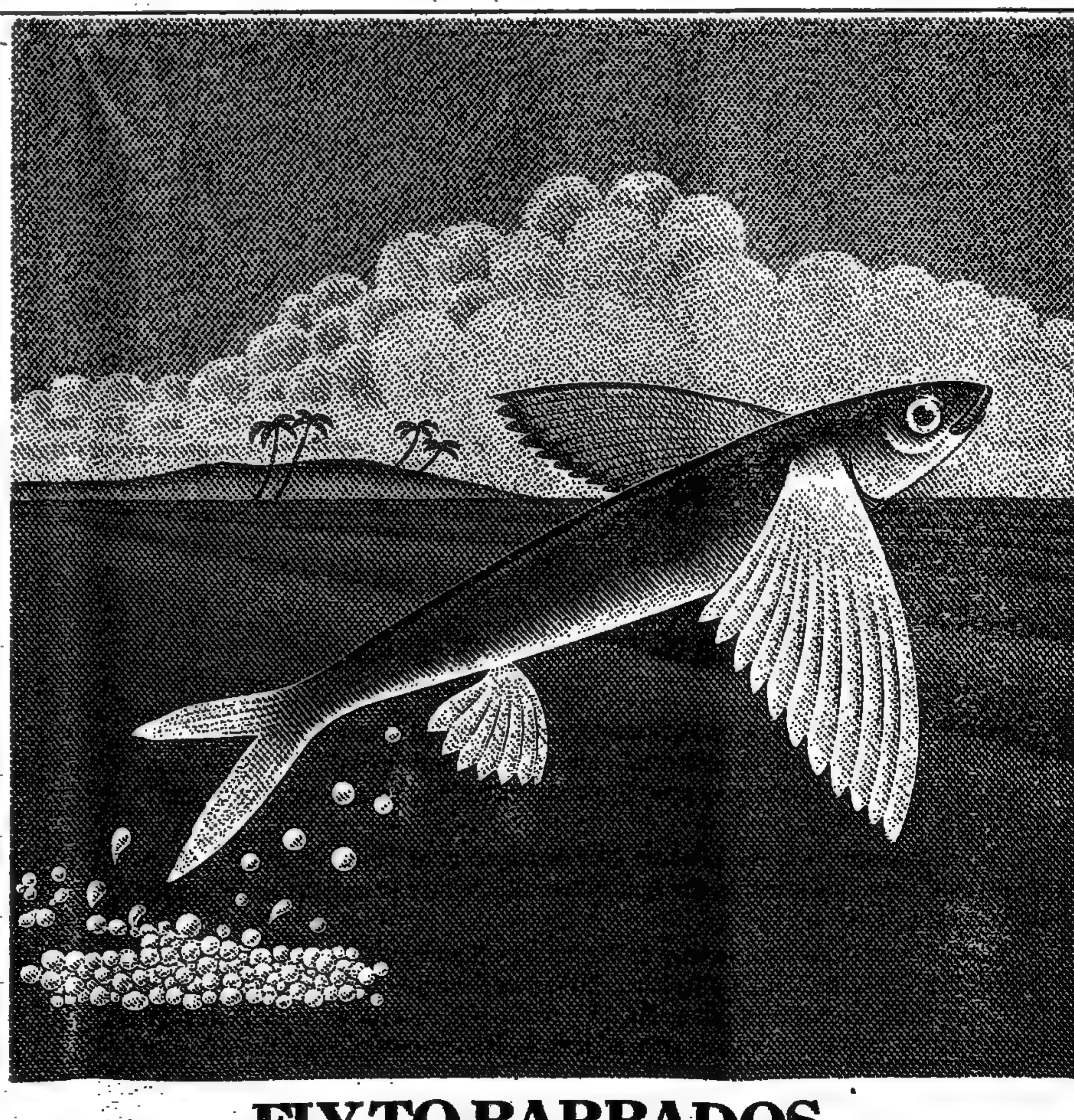

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# Tourism at a crossroads

TOURISM, which has overtaken sugar as Barbados' greatest money-spinner, is at the crossroads.

The phenomenal growth of the industry in the first ten years of independence was suddenly halted during 1974-75, causing great concern among *administrators, including* the Barbados Board of Tourism which is charged with the responsibility of developing the industry.

The island waits anxiously to see what the 1976 tourist season provides. A good season would confirm the view in some circles that the ravages of inflation dealt an unkind blow to the industry during the recent recession. Alternatively, if the tourist industry fails to pick up, then the island would be forced to look beyond recession—for the answer to the problem. Authorities are optimistic that 1976 will restore the industry to its pre-inflation status and give a breath of fresh air to the otherwise stagnating economic atmosphere.

Tourism has been the fastest growing sector of the economy, producing statistics that speak for themselves. Among them, the number of visitors to Barbados, *including* cruise ship passengers more than doubled from 130,700 in 1966 to 319,100 in 1975.

## Sevenfold

Revenue increased almost sevenfold from little more than B$29m. in 1966 to over B$163m. in 1975, and the number of hotel rooms increased by almost 3,000 to over 8,800.

The growth rate of the industry showed a dramatic drop from the end of 1972, falling to its lowest ever since tourism developed as an industry. The increase in tourists arriving in 1974 over 1973 was a mere 3.9 per cent. and for the previous year 5.6 per cent. (The average rate of expansion is 14.9 per cent.) It is this rapid decline in expansion over the past three years that is the source of concern.

In its annual report for 1974-75, the Barbados Board of Tourism noted: "The year 1974 saw a continued downward trend in the growth of the tourist industry. Much like the previous year, world economic conditions were unstable, resulting in increased inflation and a general rise in the price of tourism elements at home and in our major markets."

Compounding the problem last year was the increase in "package tours" to the island. Any slight increase in the number of visitors to the island is not reflected in the earnings from tourism, since these "packages" are pre-sold and coupons rather than cash are the instrument of exchange for goods and services. The outlook becomes more ominous for the island when one considers that tourism generates 23 per cent. of the island's Gross Domestic Product and employs 8,000 persons directly.

Another statistic of great importance has to do with the length of stay of vistors. This has also declined. Whereas in 1969 the average length of stay of visitors to the island was 13 days, that figure has steadily dropped to 8.8 days in 1974. The biggest single drop took place between 1973 and 1974 when it moved from 11 days to 8.8 days.

Of the individual markets, both the U.S. and the Caribbean showed negative growth in visitor arrivals. The biggest growth for the period 1973 to 1974 was from Britain where the change over the period showed a positive growth of 34.5 per cent., or 15 per cent. over a ten-year period.

Even though the statistical data may paint a gloomy picture, the Barbados tourist industry has not suffered the fate of other tourist destinations which have had to close hotels. The summer period has been quiet for years, and some hotels have instituted one week on, and one week off working schedules for workers and in some other instances, complete lay-offs in the summer months.

A realistic approach to the industry in Barbados has saved the island from taking panic measures in the face of some telling statistics. A feeling of supreme optimism continues to dominate the industry, and many hotels, including the Government-owned Hilton, have embarked on expansion plans. This is a tribute to the confidence which both Government and the private sector have in the future of tourism.

Expanded promotions to reach new markets, a developing education programme for employees in the industry and close examination of resource material are examples of the extent to which Government defies the statistical data.

## Tenuous

Even in the face of this optimism, tourism should not be depended upon to continue to prop up the country's economy. It is a tenuous trade and its fickle tendrils are not an ideal base on which to build a young nation's economic development. But with no natural resources, a neglected agricultural sector and an impetuous manufacturing industry, successive Barbados governments have not had much of a choice.

Fortunately, the luck of the trade has remained with the island. Barbados has been relatively free of political unrest, even though a number of neighbouring islands have had their share of industrial and political conflict. Relatively strict health regulations have kept serious epidemics out of the island. It only requires one such epidemic to write a country off the tourist map.

Hotel prices have been high, tending to price the island out of the market and this is one aspect of the industry which has to be watched with caution. Once a country gets the reputation among travel agents for over-charging, it removes itself from a vital section of the travelling public—the economy passengers and those who are not, but think that they are, getting a deal.

The island has never had an over-abundance of what are called locally "hamburger and chips" tourists, since its appeal has always been to a sophisticated market. In fact, the latest figures available show that the average expenditure per visitor has increased by 65 per cent. with $156.6m. being spent by tourists in 1974, compared with $53.9m. in 1968. The increase over 1973 was 14.8 per cent.

Although the manager of the Board of Tourism, Mr. Frank Odle, concedes that the size of the tourist industry is limited by the size of the island (166 square miles) and the number of hotel rooms (8,800), something needs to be done to attract visitors in the summer months when some hotels close because of poor business.

The Board of Tourism has re-established an old Barbadian festival, known as "Cropover," to signify the end of the sugar cane harvest in June and, with water sports, street dancing, costume parades, and the like, it is hoped that Barbados can have brighter summers.

Besides improving the summer trade, the island looks forward to a number of developments which could have the effect of revitalising all-year-round traffic to the island. A fascinating scheme is nearing completion in the island's caves in which a tunnel is being constructed to go to a depth of 2,500 feet, carrying about 30 chambers with walkways and lighting. An underwater park on the luxurious West Coast is also being prepared to lend new emphasis to marine life, both as a tourist attraction and as a form of education.

Government is in the process of building a convention centre with a view to attracting conference groups of up to 600, although facilities are available elsewhere on the island for slightly smaller groups.

The Board of Tourism is hopeful that Barbados' flag-carrying airline, International Caribbean (ICA), which did much to stimulate tourist business for the island in Europe and Britain after it started operations in 1970, will start services into Montreal in the New Year and that its effect will be the same in that market. ICA was initiated principally by the head of Laker Airways, Mr. Freddie Laker, to fly Bridgetown-Luxembourg at non-IATA fares, providing the first direct air link between the eastern Caribbean and Europe. Even though the Government purchased 51 per cent. of the shares last year, Mr. Laker still holds an important interest and airline uses aircraft leased from Laker Airways.

The fact is that Bar[bados is] particularly well serve[d by air] lines from its main markets with direct fligh[ts avail]able from Toronto, M[ontreal,] New York and Londo[n. Air] Canada, American, Bri[tish Air]ways, BWIA, ICA, [Pan Am,] Eastern, LIAT, SAS a[nd others] all fly regular, schedu[led ser]vices through the [Grantley] Adams International [Airport] and, as far as British [traffic] is concerned, traffic has [been so] heavy that it has had [to pre]vent company person[nel and] their families, travel[ling on] reduced fares, from u[sing] London-Barbados fligh[ts].

## Promotion

In the meantime, th[e Board] of Tourism, which ope[rates on] an annual budget fr[om] Government, has exte[nded its] promotion to reach [the] market in the U.S. and [Canada,] and has also mov[ed into] Caracas, Venezuela [an] important source of [visitors,] with an office.

Barbados' image as [a tourist] destination has alwa[ys been] excellent and it has m[atured] over the years; the mo[st develop]ing tourist industry [in the] eastern Caribbean. [Recent] experiences have [shown] that it cannot afford to [rest on] its laurels and it is cl[ear that] those who plan its deve[lopment] have received and un[derstood] the message.

**Harold**

# High level of bank liquidity

BARBADOS WITHOUT exaggeration, has been described as an "overbanked" island. Certainly for an island the size of the Isle of Wight, with a population of less than a quarter of a million, the number of banking institutions is impressive.

There are, in the private sector, eight commercial banks — one British, (Barclays Bank International, which with its predecessor companies has been serving Barbados since 1837, and is still the largest of them all), three Canadian (the Royal Bank of Canada, the Canadian Imperial Bank of Commerce and the Bank of Nova Scotia) and four American, all of post-Independence (1966) entry (Chase Manhattan, First National City Bank, Bank of America and First National *Bank of Chicago). Most of these* institutions have branch offices scattered about the island, with Barclays' 16 offices in the lead.

Government has several financial institutions. At the apex is the Central Bank of Barbados, which performs regulatory functions. There are also the Government Savings Bank, established in 1852; the Sugar Industry Agricultural Bank, set up in 1907 with a loan from the British Government, and which has done yeoman service for that industry in times of stress; the Agricultural Credit Bank, and the Barbados Development Bank. The National Housing Corporation also performs a limited lending function.

Total assets of the Central Bank as of August (the banking statistics provided monthly by the Central Bank are most commendable) amount to just over B$118.5m. with the eight commercial banks reporting total assets of B$464.9m.

## Reductions

Commercial deposits (demand, time and savings), as of the same date, are given as B$383.8m. with loans and advances totalling B$307.2m., revealing a position of liquidity which has not made the Central Bank as happy as it may be.

*Despite* such liquidity, commercial loan rates remained high, even in the face of successive discount rate reductions by the Central Bank. Eventually, during the latter half of April, the Central Bank issued a directive to the commercial banks requiring them to reduce the prime and average lending rates to 8½ per cent. and 10 per cent., respectively.

By the end of June the rates were *reduced so that the prime* rate ranged from 8 per cent. at three banks to 8½ per cent. at the others. The average lending rate for the system fell from 9.96 per cent. for the month of May to 0.93 per cent. for June.

In order to stimulate construction activity, the trust companies were also directed not to exceed a rate of 10 per cent. per annum on mortages and to reduce their commitment and negotiation fees.

Statistics provided by the Central Bank reveal that the Trust Companies' mortgage loans on private dwellings, as of July, total B$14.6m. and on industrial and commercial property, B$2.4m.

Despite these efforts, however, high liquidity remains a *problem. It is not improbable* that part of the reason for hesitancy on the part of borrowers rested on the imminence of a general election, and that potential users of money were waiting upon its results before committing themselves to expenditure.

## Ascendancy

These elections were held on *September 2*, and resulted in the defeat of the party in power, the Democratic Labour Party, led by Errol Barrow, and the ascendancy of the Barbados Labour Party, which had not held the reins of power since 1961, under J. M. G. "Tom" Adams, son of a former Premier of Barbados and Prime Minister of the short-lived West Indies Federation, the late Sir Grantley Adams.

It is too early at this time to assess the effects upon the banking sector of the change of Government. In the first place, statistics are only available to the end of July and August, so that it is not known whether liquidity has been already curtailed to some extent.

What we do know is that, in accordance with their electoral manifesto, the new Government intends to consolidate the banking institutions under its aegis into a National Bank of Barbados with divisions for savings, agricultural financing, developing banking and a commercial division. It is felt that the savings effected will be at the expense of top-heavy management structures of the existing institutions, and not at the expense of the present staff.

This will not particularly affect the private sector banking system—except by making *banking more competitive*—and, in some areas, may actually be of benefit by channelling off from the private sector to the National Bank a number of seekers after loans whose securities and prospects are less than attractive to the more conservative banking approach.

One aspect of the banking system indicative of the stability of the economy is the *state of international reserves* held by the Central Bank. In Barbados, these usually rise sharply during the second quarter of the year as a result of inflows of foreign exchange receipts from sugar exports. Standing at B$35.9m. in December, 1973, at B$49.2m. in December, 1974, these soared to B$113.9m. in June, 1975, as a result of high sugar prices obtained. They have declined since, now remaining seemingly constant at around B$75m.

Another aspect of the shift from affiliation to the pound sterling to linkage with the U.S. dollar of the Barbados dollar in July last year, after more than 350 years of association with sterling. The reason for the shift was that the depreciation of the pound was threatening price stability in Barbados, which imports appreciable quantities of goods from hard currency sources.

This new alignment with the U.S. dollar at two for one meant, in effect, an upward revaluation of the Barbados dollar by 9.7 per cent. against all other currencies and is credited with having enabled the island to withstand, to some extent, the pressures of inflation. In fact, the Barbados decision was subsequently followed by all other Commonwealth Caribbean Governments.

What can be interpreted as concomitant action following the realignment of the Barbados currency from sterling to the U.S. dollar may also account for the Central Bank shifting of reserves away from sterling. During the quarter ending September 30, for example, the Bank's sterling holdings declined by $B1m. even though the total foreign assets rose by $B6.2m.

Speaking recently at the opening of a course for Price Officers and Inspecto[rs, the] Governor of the Centr[al Bank,] Dr. Courtney N. Black[man, ex]plained that one of th[e main] preoccupations of the [Central] Bank has been the main[tenance] of price stability.

At the same time, Dr. [Black]man, with becoming [candour,] confessed: "In spite of [all the] *books written about the* [subject,] economists know as littl[e about] the process of econom[ic deve]lopment as physicians [know] about the common cold. [One of] the things we do know [is that] society must sacrifice a [signifi]cant proportion of its [current] income for investment [purposes] in order to increase its productive capacity. [This is] true for any economy, [whether] it is socialist or capitali[st."]

Further, he said, [in the] absence of compelling s[ocial or] economic reasons, resour[ce allo]cation should be left [to the] market mechanism, whi[le] control measures should [be used] to control prices, not [profits.] Profits, he said, are be[st regu]lated by corporate tax m[easures.]

With the direction of [the bank]ing system in the hand[s of such] frankly pragmatic a hel[msman,] Barbados surely must [heed] the old Persian prover[b: "To] walk slowly is to travel [far."]

**E. L. C[...]**


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# Australian devaluation hits wool markets

BY OUR COMMODITIES STAFF

WOOL PRICES fell sharply in Bradford and London yesterday following the 17.5 per cent. devaluation of the Australian dollar. The Sydney wool exchange was closed while awaiting the announcement of a new reserve price level by the Australian Wool Corporation (AWC). To-day's wool sales at Geelong, Albury and Newcastle—where a total of 114,000 bales were to be offered—have been cancelled and the South African Wool Board has followed suit, putting off its Cape Town and East London auctions.

Mr. Terry Graves, manager of the Sydney Futures Exchange, said: "Until the AWC sets its price we feel we should stand aside." But the AWC itself is awaiting advice from the Government before announcing the new "floor" price.

Mr. Alf Maiden, the AWC chairman, said he understood the Cabinet would consider the floor price at a meeting to-day and an announcement is expected soon after.

Wool trade sources in Sydney said they would be surprised if the Government did not adjust prices upward by the full 17.5 per cent. to compensate for the devaluation. They expected that the AWC would be permitted to follow the practice of the New Zealand and South African Wool Boards in adjusting base prices fully. But some U.K. traders said a full 17.5 per cent. rise in the reserve price was by no means a foregone conclusion.

The Australian sources hoped sales would be able to start on Wednesday, noting that there were only three selling weeks left to the mid-season break in the auction programme.

In London, the March futures price fell to 241p a kilo at one stage before closing 8.5p down on balance at 246.5p a kilo. In Bradford the wooltops 64s price was cut by 7p to 303p a kilo.

In Brisbane, meanwhile, sugar industry sources said the devaluation was likely to benefit the local sugar industry in two ways, reports Reuter.

It would increase revenue for sales, mainly on the world market, denominated in foreign currencies, and where Australia sells under long-term contracts denominated in Australian currency. Although there will be no direct cash benefit, the raws will be cheaper to buyers, leading to spin-offs from possible higher offtake.

The sources said the devaluation must be assumed to relieve pressure to some extent from the Japanese industry for a cut in the $405 a tonne price of raws.

They said about two-thirds of Australia's sugar exports are sold under contracts.

In Melbourne, Mr. Jack Cass, the Wheat Board chairman, said the devaluation would boost returns to growers from the wheat sales pool in the current 1976-77 season.

# World wheat forecast raised

BY JOHN EDWARDS, COMMODITIES EDITOR

A MASSIVE 16.3 per cent. rise in the world wheat crop this year, compared with 1975, is now being forecast by the International Wheat Council. In its latest market report, out yesterday, the council lifted its forecast for world wheat output in 1976 to 409.5m. tonnes — a new record exceeding the previous 1973 peak crop of 371m. tonnes by over 10 per cent.

As a result, closing stocks at the end of the 1976-77 season in the five major exporting countries are predicted to rise by 50 per cent. to 56.9m. tonnes.

The rise of over 10m. tonnes in the Wheat Council's forecast since last month's estimate is attributed mainly to a big increase in the Soviet crop, now adjusted to 100m. tonnes against 66.1m. tonnes in 1975. The report points out that latest estimates of the total Soviet grain outturn of 220m. tonnes indicate the main rise has been in wheat production, since maize output has been facing some problems there.

The Argentine crop is now officially forecast at a record 12m. tonnes, 3.4m. tonnes up on last year. The other big rise this week is expected in Canada, where the crop is estimated at 23.6m. tonnes compared with 17.1m. tonnes in 1975.

Looking at production prospects for 1977, the report points out that in the Soviet Union the planned area for winter grains is put at 41m. hectares against 35m. hectares for the 1976 crop and 38m. hectares was officially reported to have been sown by November 1.

Coinciding with world wheat production exceeding 400m. tonnes for the first time ever, the report carries a special survey on developments affecting crops during the past 25 years.

It notes production increased by 155 per cent. between 1949 and 1976 as a result of yields nearly doubling and the planted acreage rising by 30 per cent.

● Wheat prices moved lower on the Chicago grain markets last year, reflecting fears that the devaluation of the Australian dollar and weakness of the Canadian dollar would mean increased price competition from these two exporting countries.

# Metal traders reassured

BY OUR COMMODITIES STAFF

THE MINOR Metals Traders' Association is holding a meeting to-day to review discussions held with representatives of the Bank of England on Friday about the impact of the new Exchange Control regulations.

It is understood the meeting with the Bank mainly centred on clarifying points that had caused considerable concern among minor metals traders, and a directive outlining guidelines for metal trading under the new regulations will be issued. The association hopes there will be some modifications of certain restrictions which could severely harm trading if interpreted too strictly.

Generally the feeling is that the situation may not be as bad as had been feared initially. There is not likely to be any renegotiation of contracts as a result of the new regulations, for example. However, minor metals are not expected to become part of the special Exchange Control scheme covering metals traded on the London Metal Exchange, and it seems fairly certain that present "sterling" metals—such as wolfram and antimony—will in future be traded in U.S. dollar terms.

# Cocoa price decline continues

By Our Commodities Staff

LONDON COCOA futures lost further ground yesterday. The March position on the terminal market fell £64 to £1,826.25 a tonne and is now £200 below the all-time peak reached a fortnight ago.

There were no clear fundamental factors to account for the fall, which dealers saw as a continuation of the reaction to recent record levels. Ghana main crop purchases for last week were declared at 19,644 tons—broadly in line with market forecasts. After eight weeks, the main crop now stands at 165,892 tons against 195,073 at the same stage last year.

The EEC Commission has announced that the duty on cocoa bean imports will be cut to 3 per cent. from 4 per cent. from the beginning of next year. This move, together with last week's announcement of a 2 per cent. cut in the green coffee duty, is the first step towards suspending the tariffs altogether.

Coffee futures rose sharply in London yesterday with the January position reaching £2,405 before closing £28 up on the day at £2,374 a tonne. Dealers said the rise was encouraged by a Colombian decision to increase domestic coffee prices and raise the amount of dollars exporters have to deposit with the Central Bank for every bag of coffee shipped out.

# Japan will recognise U.S. fishing zone

TOKYO, Nov. 29.

JAPAN IS ready to recognise a 200-mile fishery zone claimed by the U.S., according to Foreign Ministry sources here, reports UPI.

The sources said the reversal of Japan's position was influenced by the Soviet Union's recognition of the U.S. jurisdiction in their fishery talks held in Washington this month.

The U.S. has decided to claim the zone in March. But Japan's refusal to recognise the decision has brought three rounds of fishery negotiations between the two nations to deadlock.

Japan's fish catches in the U.S. zone total 1.6m. tons annually. The U.S. has proposed drastic reductions in fish hauls by Japan and other countries operating in the zone to preserve decreasing resources.

COMMODITY AGREEMENTS

# Price stabilisation pact for rubber

BY OUR COMMODITIES STAFF

MINISTERS from member countries of the Association of Natural Rubber Producing Countries (ANRPC) began a two-day meeting in Jakarta yesterday, aiming at a joint buffer stock and supply control agreement to stabilise natural rubber prices, Reuter reports.

Officials said a final round of expert-level negotiations in the past four days left important details still to be resolved. But an unscheduled working session of the Ministers is being held to clear the way for the signing to take place to-morrow.

Ministers from Indonesia, Malaysia, Singapore, Sri Lanka and Thailand—the world's main natural rubber producers—are expected to be the first to sign the price stabilisation accord.

Papua, New Guinea and India, relatively recent members of the association, also have delegations attending the meeting and are expected to sign later.

Datuk Musa Hitam, the Malaysian Primary Industries Minister, said the door would be open for consumer countries to participate at a later date. But it would be up to association members to decide the most suitable time for the consumers to join.

Delegate sources said one major question still unresolved was the place of purchase and location of any stocks acquired by the rubber buffer stock manager under the agreement. But it has been agreed to put off further discussion on this until after the setting up of the International Natural Rubber Council—the implementing body to be established by the agreement.

"We feel it is acceptable to tackle this later since we believe that actually the buffer stock manager may not need to buy anything for perhaps the next couple of years," one delegate explained.

## Rising costs

For most of this year RSS No. 1 prices have held steady at or above 200 Malaysian cents per kilo—the "ceiling" level initially envisaged for the price stabilisation plan during negotiations last year.

However, the originally planned price range, running from a 120 cents "floor" to the 200 cents "ceiling," is almost certain to be revised upwards to take account of increased labour and fertiliser costs resulting from inflation and higher oil prices.

Members have already taken a decision to revise both the "floor" and "ceiling" and the middle band of the range, it is understood.

Meanwhile, the rubber producers agreed at senior official level to send a joint ANRPC representative to observe the Unctad commodity talks resuming in Geneva next January.

Officials said some countries, notably Sri Lanka, are looking to the proposed fund to take over most of the financial burden of the rubber buffer stock scheme.

In London, there was little reaction on the London rubber market to the proposed price stabilisation scheme. Prices eased reflecting general lack of demand and reduced speculative buying interest.

Traders generally were uncertain as to whether anything concrete would emerge from the Jakarta talks, and that even if an agreement were signed there would be considerable difficulties in making it function effectively.

# UN buffer stock talks begin

BY DAVID EGLI

GENEVA, Nov. 29.

NEGOTIATION OF the proposed Common Fund for the financing of international buffer stocks, the centre-piece in Unctad's integrated commodity programme, got under way here to-day.

More than 80 delegations were represented in the first of a series of preparatory meeting leading, it is hoped, to a full negotiating conference next March.

Mr. Gamani Corea, the Unctad Secretary-General, stressed to-day that the Fund should not be viewed merely as a financing device. It would also serve as a catalyst and a stimulant. By making adequate finances available it would make agreement easier on other complicated aspects of commodity agreements.

"We want to avoid the vicious circle of failure," he told the meeting. "No commodity Agreement because there is no financing for buffer stocks; no finance available because there is no commodity agreement."

Mr. Corea said it would be a gross error to see the fund as "one large bureaucracy which wants to sweep away the forces of the market." The aim was to improve the functioning of these markets through a smoother and morestable system of prices. He saw the fund operating through individual commodity councils, themselves set up under separate commodity Agreements.

—Efforts to negotiate such Agreements will now be made under a timetable starting with hard fibres next month and stretching until the early weeks of 1978.

It is hoped that a common fund may be negotiated during this period. "One cannot negotiate a non-fund," Mr. Corea commented. He urged the preparatory meeting here to lay a solid basis for the negotiations clarify as many issues as possible, and leave a minimum of unresolved issues for the negotiating conference itself.

# N.Z. lamb strike over

By Dai Hayward

WELLINGTON, Nov. 29.

KILLING of lambs for export to Britain resumed in New Zealand freezing works to-day. The eight-day strike which cost New Zealand millions of dollars ended at the week-end when a compulsory conference called by the Government of employers and unions orderer the men back

Their claim for travel allowance will go to independent arbitration.

But the return to work is thought to come too late to enable shipments to be boosted before Christmas to the U.K. since shipping schedules have been thrown out of equilibrium.

# COMMODITY MARKET REPORTS AND PRICES

ZINC—Slightly easier in a featureless market. Some general selling caused forward metal to ease from £388.5 to £385.5 in the morning and on the afternoon late Kerb selling from one influential quarter caused the price to close at £384. Turnover, 3,650 tonnes.

| ZINC | a.m. Official | + or — | p.m. Unofficial | + or — |
|---|---|---|---|---|
| | £ | £ | £ | £ |
| Cash | 367.5 8 | —3 | 368.75 9 | —1.5 |
| 3 months | 385.5 6 | —2.5 | 385.5-.75 | —2.25 |
| S'ment | 368 | —3 | — | |
| Prim West | — | | *57 | |

Morning: Cash £368; three months £387.5, 88.5, 86, 85.5. Afternoon: Three months £386.5, 86, 85.75, 85.5, 85.75. Kerb: Three months £385.5, 85, 84.5, 84.

* Cents per pound. † On previous unofficial close. ‡ $M per picul.

## SILVER

Silver was fixed 3.10p an ounce lower for spot delivery in the London bullion market yesterday, at 258.05p. U.S. cent equivalents of the fixing levels were: Spot 425.2c, down 6.6c; three-month 430.4c, down 6.8c; six-month 438c, down 7.5c; and 12-month 449c, down 7.5c. The metal opened at 256.6-257.6p (422½-424½c) and closed at 257.2-258.2p (424-426c).

| SILVER per troy oz. | Bullion fixing price | + or — | L.M.E. close | + or — |
|---|---|---|---|---|
| Spot | 258.05p | —3.1 | 258p | —3.0 |
| 3 months | 263.35p | —3.1 | 263.3p | —3.7 |
| 6 months | 270.3p | —3.5 | | |
| 12 months | 297.8p | —3.2 | 282.5p | —3.0 |

LME—Turnover 78 (163) lots of 10,000 ozs. Morning: Three months 267.5, 68.6, 68.2, 68.5, 67.8, 68.0. Kerb: Three months 267.8. Afternoon: Three months 268.4, 68.5, 68.9, 69.3, 68.8, 69.5, 65.3. Kerb: Three months 265.3, 3.4, 3.5.

## COCOA

Prices drifted lower through the day with light Commission-house selling and a lack of consumer activity, reports Gill and Duffus.

| COCOA | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| No. 4 Contract | | | |
| December | 1909.0-10.0 | —59 | 1981.0-05.0 |
| March | 1826.5-28.5 | —64 | 1890.0-24.0 |
| May | 1782.5-70.5 | —66 | 1850.0-768.0 |
| July | 1750.0-61.0 | —60 | 1768.0-45.0 |
| September | 1685.0-88.0 | —59 | 1743.0-708.0 |
| December | 1640.0-50.0 | —48 | 158..0-42.0 |
| March | 1507.0 15. | —42 | — |

Sales: 4,146 (4,629) lots of 10 tonnes.

International Cocoa Agreement prices (U.S. cents per pound). Daily price for Nov. 26 129.33 (129.42): 14-day average 134.77 (135.15): 22-day average 132.88 (132.56).

EEC DAILY IMPORT LEVIES—The following EEC levies and premiums are effective for Nov. 30 in units of account per tonne. In order, current levy plus Dec., Jan. and Feb. premiums (with previous in brackets). Common wheat—79.92, nil, nil, nil (76.74, nil, nil, nil). Durum wheat—133.04, nil, nil, nil (131.52, nil, nil, nil). Rye—69.34, nil, nil, 0.78 (69.34, nil, nil, 0.78). Barley—44.48, nil, nil, nil (44.48, nil, nil, nil). Oats—49.38, nil, nil, nil (46.98, nil, nil, 2.28). Maize (other than hybrid for seeding)—55.70, nil, nil, nil (55.70, nil, nil, nil). Buckwheat—All nil. Millet—55.24, nil, nil, nil (56.76, nil, nil, nil). Grain sorghum—56.00, nil, nil, nil (56.00, nil, nil, nil).

EEC levies are also effective for Nov. 30 for the following flours (with previous in brackets) in units of account per tonne. Wheat or mixed wheat and rye flour—121.60 (117.81). Rye flour 96.63 (96.63).

## COFFEE

The rise reflected the agreement reached by the Colombian Government and coffee planters for increased domestic prices and higher payments that exporters will have to pay to the Central Bank. New York's firm close on Friday also aided sentiment. The close was £21 to £41 up from Friday's level. Volume was 2,282 lots. Dealers said Commission-house selling developed during the closing session but this was well matched by trade support.

| COFFEE | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| November | 2305-2333 | +18.5 | 2340 300 |
| January | 2370-2378 | +28.0 | 405 370 |
| March | 2406-2410 | +31.5 | 428 398 |
| May | 2420-2422 | +37.5 | 2440-413 |
| July | 2435-2440 | +41.0 | 2444 418 |
| September | 2442-2445 | +41.5 | 2454 435 |
| November | 2442-2445 | +41.0 | 2450 440 |

Sales: 2,282 (1,440) lots of 5 tonnes.

ICO Indicator prices for November 26 (U.S. cents per pound): Colombian Mild Arabicas 190.50 (188.60); Unwashed Arabicas 182.00 (same); Other Mild Arabicas 185.17 (183.67); Robustas 186.00 (same); Daily Average 185.59 (184.34).

## RUBBER

UNCHANGED opening on the London physical market. Quiet throughout day, closing uncertain. Lewis and Peat reported a Malaysian godown price of 205½ (207½) cents a kilo (buyer, December).

| No. 1 R.S.S. | Yesterday's close | Previous day's close | Business done |
|---|---|---|---|
| Jan. | 61.51-62.00 | 62.50-64.00 | 61.50 |
| Feb. | 64.25-65.50 | 63.75-64.30 | — |

## GRAINS

## JUTE

White "D" grade Nov.-Dec. $366. A long ton.

CALCUTTA—Steady. Indian spot Rs.485. Dundee Tossa Four spot Rs.485 values. A bale of 400 lbs.

## SOYABEAN MEAL

Values lost £1.60-£2.80 on the day. An easier Chicago on Friday coupled with an easier Chicago opening this afternoon and prospects of a large delivery in the spot month in Chicago led to the decline, reports SNW Commodities.

| | Yesterday's Close | + or — | Business Done |
|---|---|---|---|
| | £ per tonne | | |
| December | 157.0-57.8 | —3.20 | 140.00-57.50 |
| February | 143.10-45.5 | —1.70 | 144.60-42.10 |
| April | 146.90-47.1 | —1.85 | 148.00-47.00 |
| June | 148.5-49.8 | —1.70 | 149.8 |
| August | 150.50-49.5 | —2.0 | 150.50 |
| October | 146.5-48.0 | —1.35 | |
| December | 143.25-45.5 | —2.45 | 144.20-43.50 |

Sales: 115 (77) lots of 100 tons.

## SUGAR

LONDON DAILY PRICE (raw sugar £121.00 (same) a ton cif for Nov.-Dec. shipment. White sugar daily price was fixed at £155.00 (same).

The market was steady until late in the afternoon when losses of some 100 points wer recorded after Peru announced a snap tender for 15,000 tons raws, Jan. shipment, reports C. Czarnikow. Dec. expired at 4 p.m. and last traded at £121.00, the level of the LDP. All LTM quotations are now in metric tons except

| Sugar Pref. Comm. Con. | Yesterday's Close | Previous Day's Close | Business Done |
|---|---|---|---|
| | £ per ton | | |
| Dec. | 121.25-21.50 | 121.00-21.25 | — |
| March | 134.65-34.75 | 135.85-34.00 | 135.75-33.75 |
| May | 140.75-40.90 | 140.55-40.70 | 142.5-40.50 |
| Aug. | 145.75-45.8 | 146.20-45.55 | 147.25-44.75 |
| Oct. | 149.00-49.25 | 148.25-48.55 | 150.80-6.25 |
| Dec. | 152.25-53.15 | 151.50-51.95 | 154.00-52.50 |
| March | 156.25-56.85 | 154.80-54.85 | 157.25-56.25 |

Sales: 1,474 (1,406) lots of 5 tonnes.

Tate and Lyle ex-refinery price for granulated basis white sugar was £224.00 (same) a ton for home trade and £187.00 (same) for export.

## WOOL FUTURES

LONDON—Following Australian devaluation over the week-end, te market opened sharply lower, reaching its lowest at 13p cheaper in the early afternoon. Subsequently values recouped some of these losses in an active trading session, reports Bache.

(Pence per kilo)

| Australian Greasy Wool | Yesterday's close | + or — | Business Done |
|---|---|---|---|
| December | 32.0-36.0 | —9.0 | 233.0-32.0 |
| March | 46.0-47.0 | —8.5 | 247.0-41.0 |
| May | 56.0-57.0 | —9.25 | 65-54.0 |
| July | 60.0-61.0 | —9.0 | 270.0-60.0 |
| October | 68.0-71.0 | —8.0 | 270.0 |
| December | 70.0-73.0 | —8.5 | 274.0-71.0 |
| March | 73.0-74.0 | —8.0 | — |

Sales: 106 (22) lots of 1,500 kilos.

SYDNEY GREASY—Market trading suspended following devaluation.

BRADFORD—Following the Australian devaluation topmakers were either not quoting, or were only prepared to negotiate on last week's quotations. They appeared to be edging towards a quoted basis between 5p to 10p a kilo lower.

## MEAT/VEGETABLES

SMITHFIELD (prices in pence per pound)—Beef: Scottish killed sides 48.0 to 51.0; Ulster hindquarters 51.0 to 54.0, forequarters 36.0 to 39.0.

Veal: English fats 50.0 to 58.0; Dutch hinds and ends 62.0 to 67.0.

Lamb: English small 40.0 to 48.0, medium 40.0 to 46.0, heavy 40.0 to 44.0; Scottish medium 40.0 to 46.0, heavy 40.0 to 45.0, hill 38.0 to 46.0. Imported frozen: NZ PL 47.0 to 48.0, PM 44.0 to 36.0, YLs 45.0 to 46.0.

Pork: English, under 100 lbs 33.0 to 39.0, 100-120 lbs 33.0 to 38.0, 120-160 lbs 31.0 to 37.0.

Pheasants: Best (per brace) 250.0 to 270.0.

MEAT COMMISSION—Average fatstock prices at representative markets on week-ending November 27. G.B.—Cattle £30.80 per live cwt (+0.17); U.K.—Sheep 53.3p per pound edcw (+0.1); GB—Pigs £4.99 per sc. l.w. (—0.02). England and Wales—Cattle numbers down 11.0 per cent., average price £31.18 (+0.09); Sheep numbers down 15.6 per cent., average price 53.4p (same); Pig numbers down 4.7 per cent., average price £4.97 (—0.02). Scotland—Cattle numbers up 3.8 per cent., average price £31.92 (+0.29); Sheep numbers down 5.3 per cent., average price 52.2p (—0.1); Pig numbers up 34.1 per cent., average price £3.31 (+0.07).

MEAT COMMISSION—Average fatstock prices at representative markets on November 29. GB cattle £30.89 per live cwt (+0.22); U.K. sheep 54.4p per pound edcw (+1.2); GB pigs £5.01 per sc.l.w. (+0.01). England and Wales—Cattle numbers up 21.1 per cent. average price £30.40 (+0.27); sheep numbers down 0.8 per cent. average price 54.6p (+1.3); Pig numbers up 4.2 per cent. average price £5.01 (+0.01). Scotland—Cattle numbers up 12.2 per cent. average price £32.15 (+0.14); Sheep numbers up 33.7 per cent. average price 53.6p (+1.2); Pig numbers down 14.1 per cent. average price £5.12 (—0.05).

COVENT GARDEN (prices in sterling)—Imported produce: Oranges—Spanish: Navels/Navelines 2.80-3.40; S. African: 72/138 2.95; Jaffa: Navels 3.80-4.35. Satsumas—Spanish: Trays approx. 20 lbs 2.60-2.70. Clementines—Cypriot: 2.80-3.60; Spanish: 3.60; Moroccan: 3.20. Lemons—Italian: 3.20-3.50; Cypriot: 3.20-4.40; Turkish: 2.40-2.60; S. African: 3.50-4.20; Californian: 4.10. Cranberries—U.S.: Per 6-oz packet 0.15, 16-oz packet 0.26. Apples—French: Golden Delicious 2.00-2.40, Stark Crimson 2.30, Granny Smith 2.65-2.90, jumble pack Golden Delicious 2.30; Italian: Per pound, Golden Delicious 0.08, Granny Smith 0.13, Starking 0.08½, Rome Beauty 0.09, jumble pack Granny Smith 38 lbs 55/60 3.00. Pears—Italian: 14 lbs, Passacrassane per pound 0.19, Williams 0.15. Melons—Spanish: Green 2.30-2.80, Yellow 2.40-2.70, 15-kg. boxes 5.50-6.00. Grapes—Spanish: Almeria 1.40-1.70, Black 2.80-3.00. Chestnuts—Portuguese: Per 10 kgs. 4.20-4.80; Spanish: Per 5 kgs. A 1.90, AA 2.40, AAA 2.80, per 10 kgs. 4.00-5.50; Italian: 60/65 5.50, 5 kgs. 2.80. Walnuts—Californian: Per pound 0.38-0.40; Indian: Per puond 0.30. Filberts—Italian: Per pound 0.26-0.28. Brazils—LWM per pound 0.27-0.28. Almonds—Cypriot: Per pound 0.26. Dates—Algerian: 0.28-0.35; Tunis: 0.27-0.30; Californian: 0.23-0.34. Tomatoes—Spanish: Boats/trays 3.60-4.00; Canary: 3.70-4.00. Cucumbers—Canary: Per 10/16 pre-packed 1.50-1.80. Onions—Spanish: 5.30-5.50; American: 5.00-5.20; Moroccan: Per 25 kgs. 5.60. Lettuce—Dutch: 24 2.70; French: 12 1.40. Celery—Spanish: 24/30/36 pre-packed 3.00. Nuts—Mixed No. 15 28 lbs, per pound 0.23.

English produce: Apples—Per pound, Bramley's Seedling 0.06-0.11. Worcester Pearmain 0.06-0.08, Cox's Orange Pippin 0.08-0.14. Golden Delicious 0.08-0.09. Pears—Per pound. Conference 0.06-0.09. Glou Morceau 0.05, Comice 0.09-0.11. Potatoes—Per bag 4.00-4.80. Carrots—Per bet 12½ kgs. 0.70-1.30. Lettuce—Per 12, round 1.00-1.50. Celery—Per 18/20 pre-packed 2.90 ordinary 20 2.00 12 1.00. Capsicums—Per 8 lbs 2.10. Onions—Per 25-kg. net 4.00-4.60, picklers No. 1 56 lbs 2.80, cocktail 10 kgs. 1.00. Cabbages—Per net/box 1.30. Cauliflowers—Per 12, Kent 2.70-3.30, Jersey 24 7.00. Swedes—Per 28 lbs, Devon 1.00, Scottish 1.00, Yorkshire 0.90. Parsnips—Per 28 lbs 1.60-2.00. Sprouts—Per 20 lbs 2.20-2.60. Mushrooms—Per pound 0.35-0.40. Turnips—Per 28 lbs 1.10-1.20.

## VEGETABLE OILS

LONDON PALM OIL TERMINAL—The market started the week slightly easier in the wake of a weaker Chicago soyabean oil on Friday and this was later endorsed with lower prices being paid for cif Rotterdam oil, reports Faure Fairclough. Closing prices: Dec. 298-287, Feb. 293-290, April 292-290, June 293-291, August 293-292, Oct. 293-291, Dec. 293-290. Sales, 3 lots.

*

COTTON—Liverpool. Spot and shipment sales in Liverpool amounted to 48 tonnes, reports F. W. Tattersalls. A slow offtake continued with only minor purchases when necessity intervened. Interest ranged over various American-type cottons, mostly Middle East growths.

*

GRIMSBY FISH—Supply poor, demand very good. Prices at ships side, per stone, unprocessed: Shell Cod £3.50-£4.50; Codlings £2.80-£3.80; Large Haddock £3.60-£4.00; Medium Haddock £3.00-£3.30; Small Haddock £2.20-£2.80; Medium Plaice £5.00; Best Small Plaice £4.50-£5.00; Skined Dogfish (medium) £3.40; (large) £5.00; Rock Fish £2.40-£2.60; Reds £1.50-£2.50; Saithe £2.30-£3.00.

*

COPRA—Philippines (per tonne)—Dec. $365, Jan. $365 resellers cif North European ports.

## PRICE CHANGES

Prices per ton unless otherwise stated

# Sugar cane smut disease in Jamaica

KINGSTON, Nov. 29.

THE JAMAICAN Sugar Industry Authority said sugar cane smut disease was discovered for the first time in Jamaica this week, in seven fields of the Innswood Estates and elsewhere in the St. Catherine parish.

The Sugar Industry Research Institute said since the infestation appears to be at a low level it is unlikely any significant yield losses will occur in the 1977 crop harvest.

Farmers had been advised to discontinue planting the HJ-5471 grade, one of the widest-grown varieties of sugar cane in Jamaica, as it is highly susceptible to the disease.

# Iran and USSR in alumina plant deal

TEHERAN, Nov. 29.

IRAN AND the Soviet Union have signed an agreement for the setting up of a $500m. plant for producing alumina here.

Under the agreement the plant will have an initial production capacity of 500,000 tons annually, but could be doubled to 1m. tons.

hTe statement issued after the signing said it will use alunite ore, the raw material used in aluminium industries, from Iran's Takistan mine, where high quality ore reserves exceed 1,000m. tons. It did not say when work on the propect will begin and gave no date for beginning production.
Reuter

# Nickel find in Ivory Coast

ABIDJAN, Nov. 29.

A DELEGATION from Falconbridge Nickel Mines of Canada is discussing possible finance with the Ivory Coast Government for mining nickel deposits found in the west of the country, it was reported here.

The company is ready to guarantee all the financing in collaboration with an Ivory Coast company after seeking help from financial bodies in Canada, the U.S., Switzerland and other countries.

The deposits were found in the Bianiouma region at Sipilou, Foungouesso and Moyango, and the strata of workable ore discovered ranged in thickness from five to 12 metres.

A study by the Ivory Coast mining development society said the considerable thickness of the ore formations suggested the find could be of importance.
Reuter

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## COMPANY NOTICES

CALCUTTA TRAMWAYS CO. LTD.

TOWLES LTD.

## STOCK EXCHANGE REPORT

# Markets move narrowly in idle trading conditions

## Share index 0.1 off at 302.4—Australian issues weak

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Nov. 15 | Nov. 25 | Nov. 26 | Dec. 7 |
| Nov. 29 | Dec. 9 | Dec. 10 | Dec. 21 |
| Dec. 13 | Dec. 30 | Dec. 31 | Jan. 12 |

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Stock markets made an extremely quiet start to the new Account yesterday: official markings of only 4,016 were the lowest for a *Monday since September 6* last. Once again, uncertainty about the outcome of the IMF negotiations played a major part in restraining activity.

The prevailing uncertainty was reflected in a modest mark down in the leaders at the start. The virtual absence of any selling, however, saw prices edge higher and final quotations were little altered on balance. This was reflected in the FT 30-share index which touched its lowest of the day at 11 a.m. when it was down 3.2, and recovered to close a net 0.1 off at 302.4. Activity in British Funds was also at a low ebb and fractional losses at the short end of the market helped to leave the Government Securities index 0.02 down at 58.34.

Apart from *bid situations and* the occasional response to week-end Press comment, there was little of note in secondary issues which showed no decided trend. Falls just had the edge over rises in FT-quoted Industrials but the FT-Actuaries All-Share index was unaltered at 131.21.

Elsewhere, the main feature of the day was the sharp falls in Australian issues following news of the 17.5 per cent. devaluation in the Australian dollar. Double figure falls were commonplace and extended to 70 in heavier-priced stocks.

### Gilts listless

Little affected by week-end comment on the pending economic package, the market in British Funds traded quietly and appeared to be awaiting more positive developments in the situation. Minimal losses were *marked* initially *against* the mediums and longs but these were soon recovered as quotations reverted to Friday's list levels, while shorter-dated issues eased a maximum of ¼ in quiet conditions. Exchequer 5½ per cent., 1978-80, exceptionally rose ⅜ more to 81⅝ in a thin market.

The breakthrough in the Geneva talks deadlock, which is to discuss now the structure of an interim regime, stimulated a small interest in Southern Rhodesian bonds and, in common with others, the 2½ per cent., 1965-70, stock rose 3 points to 255.

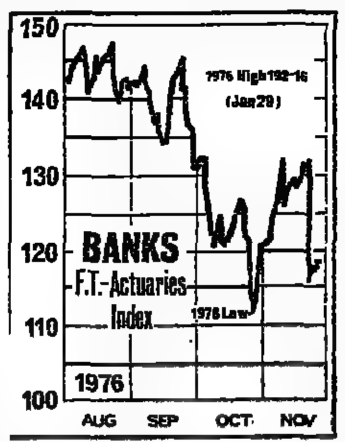
The surprise Australian devaluation failed to inject any enthusiasm on arbitrage account in investment currency and the *premium closed ¼ easier on the* day at 120½ per cent. Yesterday's SE conversion factor was 0.7145 (0.7120).

### Australians down

News of Australia's 17½ per cent. devaluation undermined Australian banks and others with interests in that country. Bank of New South Wales fell 70 to a 1976 low of 435p, while National Bank of Australasia shed 33 to 220p, after 217p, and Commercial Bank of Australia lost 28 to 225p. ANZ gave up 30 to 310p; the preliminary results were published after market hours. The big industrial concern Broken Hill Proprietary declined 45 to 820p, and falls of between 14 and 19 were recorded in A. V. Jennings, 115p, London Australian Investments, 78p, Challenge Corporation, 148p, and Argo Investments, 105p. Pastoral concern Dalgety eased 3 to 209.

Home Banks had a quiet session and closed a shade easier for choice. Barclays, 200p, Midland, 210p, both cheapened 2, while Lloyds gave up a penny to 167p. Ahead of preliminary results due on *Thursday, National and Commercial* hardened 2 to 53p. Merchant Banks tended easier with Brown Shipley 6½ down at 95p xd. Insurances had little to commend them. C. E. Heath cheapened 3 to 390p xd but Britannic improved 4½ to 100p xd.

Tollemache and Cobbold returned to prominent in Breweries, rising 10 to 125p on a renewed bout of speculative buying on bid hopes. Further Press




comment about the recent dismissal of former director Mr. Stanley Williams led to renewed dulness in Bass, Charrington, a penny off at 69p; the preliminary results are due on Thursday. Still benefiting from Press comment, however, Invergordon hardened 3½ more at 35xd, while Distillers gained another 2 at 105p.

*Buildings recorded the occasional small rise.* Marshalls (Halifax) moved away from the year's low of 59p to close 3 better at 62p on the first-half profits increase. French Kier, still reflecting trading news, hardened a penny more to 12p for a two-day gain of 2½. Allied Plant finished unchanged at 7½p ex the scrip issue. R. Costain declined 4 to 112p, *while other dull spots* included BPB Industries, 4 cheaper at 92p, and Sheffield Brick, 5 easier at 65p.

Chemicals were overshadowed by an article highlighting the problems facing the industry. ICI, still reflecting last week's third-quarter figures, closed 4 off at 286p, while Albright and Wilson eased a penny to 69p and Fisons receded 3 to 255p. Akzo, however, at 925p, recouped 13 of Friday's loss of 38.

### UDS active

There was a reasonable two-way business in Stores which closed at, or near, Friday's closing levels. UDS were notably busy and ended a penny harder at 46p, after 46½p. Burton "A" put on the same amount to 27p following Press comment, but Gussies "A," at 134p, lost 2 of Friday's gain of 5 and Marks and Spencer were finally unchanged at 80p, after 79p. Among secondary issues, Maple shed ¼ to 5 in belated response to the interim statement. After recent firmness, Lee Cooper declined 5 to 57p xd in a thin market. Amber Day were quoted a penny cheaper at 18p ex the scrip issue.

After Friday's gyrations on *concern with the need for modifications to some X-ray scanners* sold in the U.S. market, EMI became a steadier market, the shares closing a penny better on the day at 202p, after 199½p. Plessey ended a penny harder at 51p, but BICC, 83p, and Thorn Electrical "A," 150p, shed 2 apiece. Among secondary issues, Ultra Electronic improved 6 to *57p xd. Derritron hardened 1½* to 10p xd, while gains of 3 were seen in BSR, 83p and Electrocomponents, 88p xd. Cray Electronics, however, closed marginally easier at 11½p following the announcement that the company has signed a co-operation agreement to become main subcontractors for the German shipping company, Howaldtswerke-Deutsche Werft.

Desoutter Bros. which opened lower at 115p following attempted selling late on Friday rallied strongly to close unaltered on balance at 128p amid further speculation about bid possibilities; CompAir, which has denied making a new approach, eased ½ to 56p. Another feature in Engineerings was Spear and Jackson, up 8 at 82p following comment relating to the Hestair stake. Movements otherwise were small and while Weir picked up 1½ to 65p on Press mention, Anderson Strathclyde slipped that much to 33p following the maintained interim profits. Bronx, 31p, and Mather and Platt, 39p, were quoted ex the respective scrip issues, while W. A. Tyzack were called 23p ex all. Tecalemit, awaiting to-day's first-half results, improved 2 to 43p.

Among Foods, Tate and Lyle edged up 2 to 232p and Associated Dairies moved up 4 to 162p. Cadbury Schweppes finished marginally better at 33½p following news that the company is on the verge of breaking into the Soviet soft drinks market. Alpine Soft Drinks, with interim figures due to-morrow, improved 8 to 66p in a thin market, while Nurdin and Peacock responded to Press comment with a rise of 4 to 79p. Rowntree Mackintosh also rose 4, to 173p, while gains of about 3 were seen in William Low, 78p xd, and Amos Hinton, 35p. Supermarkets made modest headway, Wheatsheaf Distribution rising 3½ to 113p xd and Kwik Save Discount improving 4 to 111p. Epicure featured Hotels and Caterers with a rise of 3½ to a 1976 peak of 27p *following news that Slea Holdings* had reduced its shareholding. Ladbroke were also popular again and rose to 84p following week-end Press comment.

### Wilkinson Match good

Secondary issues provided the main focal points in the Industrial market yesterday. A *persistent investment demand* helped Wilkinson Match stand out with a gain of 12 to 135p, while Press comment forecasting bumper profits when the company report annual figures to-day helped International Computers put on 3 more to 124p. Chamberlain Phipps put on a similar amount to 21p in response to the sharply higher first-half earnings and improvements of 4 and 5 respectively were seen in Ovenstone, 33p, and Johnson Matthey, 298p and Hutchison International Jardine Matheson 11 higher at 298p and Hutchison International 3 to the good at 56p. By way of contrast, Allied Polymer were dull on reports of a large selling order, the shares falling 5 to a 1976 low of 19p. The Miscellaneous Industrial leaders displayed no set trend and closed narrowly mixed after a quiet trade. Pilkington Bros. added 3 at 273p; the interim results are due December 8. Glaxo lost 3 to 353p.

Motors and Distributors closed with little variation despite fears that the industry will be increasingly disrupted next week by the continuing dispute by maintenance engineers at Rubery Owen, the West Midlands components supplier. Lucas Industries closed a penny off at 177p, while Volvo shed 2 points to £19 and Fodens declined 3 to 19p. Peak Investments finished fractionally easier at 9p ex dividend despite the chairman's optimistic review of the company's prospects.

A rather dreary day in Newspaper and Printings ended, with Thomson Organisation 3 better at 345p, after 348p, and with Daily Mail "A" unchanged at 178p, the latter awaiting to-day's interim results. Reflecting news of another annual loss, Sir Joseph Causton eased 1 to 7½p.

### Properties higher

Publicity given to a broker's circular predicting better news for the sector gave support to Properties. Great Portland were one of many firm spots at 180p xd, up 7, while Haslemere Estates moved up 3 to 140p and Estates Property gained 4 further to 38p. The possibility of future Welsh developments lifted Control Securities 2 to 14p, after 15p, and speculative interest continued for Estates and Agency, which jumped 7 more to 47p. Increased half-yearly revenue helped Property and Reversionary "A" improve 4 to 142p, while the confident tenor of the chairman's review put London Shop up 3 to 39p. Of the leaders, Land Securities hardened 1½ to 112p xd, after 114p, and MEPC closed 2 better at 40p, after 41p. Australian influences lowered Land Lease 28 to 190p. British Anzani slipped ½ to 7½p despite the reduced annual deficit.

British Petroleum took a respite in front of Thursday's third-quarter figures, but still managed to improve 4 to a new peak of 744p. Burmah became a little interesting on rumours of a chart buy signal and fluctuated between 33p and 36p before closing the turn harder at 35p. Shell, in contrast, drifted back 2 to 408p, but overseas influences carried Royal Dutch up ¼ to £41. Secondary stocks were notable for demand, presumably based on recovery hopes, for Berry Wiggins *which rallied 2½ to 18p.* Australian issues felt the repercussions of the week-end devaluation, Woodside-Burmah falling 7 to 102p, after 98p, and Weeks Natural Resources losing 5 to 50p.

Still reflecting the dispute with Pernas Securities, Sime Darby eased 3 to 101p. Other Overseas Traders to lose ground included Great Northern, a point easier at £46, and S. Hoffnung, 4 cheaper at 83p.

A firm market last week on reports of a bullish brokers circular, Common Bros. took a further step forward yesterday when Press mention attracted buyers' interest again and the shares closed 8 higher at a 1976 peak of 106p. P & O Deferred hardened 1½ to 106½p, after 105p, but Stag Line lost a similar amount to 91p following the halved preliminary profits.

Financial Trusts had Lampa Securities 3 harder at 139p on Press comment and Akroyd and Smithers 2 better at 130pxd, the latter still on yield considerations.

Textiles ended narrowly mixed after a quiet day. Tomkinsons were marked up 3 late to 44 on *the results and* Albert Martin closed 3 better at 34p following Press comment. Buyers came for Lister which hardened 2½ to 21½p and Nova (Jersey), 1½ better at 13p.

Buying in front of to-day's interim results helped Rothmans International put on 1½ to 30p in Tobaccos. Imps added 2 at 58p but BATs Industries and the *Deferred declined 3 to 255p and* 210p respectively.

South African Industrials traded quietly, with Edworks rising 4 to 31p and Rex Trueform "A" improving 13 to 203p.

### Australians lowered

The focal point of mining share markets was the weakness in Australian stocks following Sunday's 17.5 per cent. devaluation of that country's currency. Share prices soared in overnight Sydney and Melbourne markets but they opened sharply lower in London reflecting the re-alignment of the dollar against sterling.

Turnover in shares was reported as fairly quiet with a small amount of nervous selling causing prices to ease throughout the day. The sharpest losses were recorded in Pancontinental, which dropped 75 to 775p, and BH South and Bougainville, which both gave up around 12 to 115p and 107p respectively. MIM declined 6 to 200p. On the other hand, Peko-Wallsend, ha[illegible] to 375p.

South African Golds lo[illegible] ground in idle trading [illegible] the easier metal price [illegible] the modest recovery in [illegible] prompted a small U.S. demand for shares in [illegible]ings. The initial wea[illegible] bullion, which closed [illegible] down at $129.75 [illegible] followed Friday's fall [illegible] markets.

Losses of up to [illegible] the heavier priced [illegible] Free State Geduld [illegible] Helena, £11⅞, and up to [illegible] lower priced issues left [illegible] Mines index 3.8 off at [illegible] lowest since November [illegible]

Overseas-based [illegible] mirrored Golds but [illegible] based issues were [illegible] changed. Favourable [illegible] comment enabled Selection [illegible] to put on 5 to 370p [illegible] Platinums were [illegible] with Rustenburg 7 off at [illegible] Bishopsgate 5 lower at [illegible] Elsewhere, Northgate [illegible] 35 to 370p in late dealing [illegible]ing Canadian advices.

### FINANCIAL TIMES STOCK INDICES

| | Nov. 29 | Nov. 26 | Nov. 25 | Nov. 24 | Nov. 23 | [illegible] |
|---|---|---|---|---|---|---|
| Government Secs. | 58.34 | 58.36 | 58.26 | 58.38 | 58.60 | 58.22 |
| Fixed Interest | 58.01 | 57.91 | 57.96 | 57.98 | 57.86 | 57.97 |
| Industrial Ordinary | 302.4 | 302.5 | 302.0 | 299.0 | 300.3 | 293.2 |
| Gold Mines | 129.9 | 132.7 | 133.2 | 134.5 | 141.3 | 141.2 |
| Ord. Div. Yield | 7.32 | 7.31 | 7.32 | 7.28 | 7.28 | [illegible] |
| Earnings Y'ld % (full) | 22.61 | 22.59 | 22.60 | 22.73 | 22.79 | 23.32 |
| P/E Ratio (net) (*) | 6.47 | 6.48 | 6.48 | 6.42 | 6.42 | 6.21 |
| Dealings marked | 4,016 | 4,125 | 3,942 | 5,935 | 4,379 | 4,976 |
| Equity turnover £m. | — | 43.41 | 40.60 | 51.99 | 39.61 | 48.04 |
| Equity bargains total | — | 10,272 | 9,469 | 8,962 | 9,265 | 10,451 |

10 a.m. 299.9. 11 a.m. 299.3. Noon 302.4. 1 p.m. 302.3. 2 p.m. 302.1. 3 p.m. 302.4.

Latest Index 01-246 8026.

(a) Based on 52 per cent. corporation tax. (b) Nil=6.41.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

### HIGHS AND LOWS

| | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|
| Govt. Secs. | 65.21 (30/1) | 55.88 (27/10) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 64.43 (2/2) | 55.57 (28/10) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ind. Ord. | 420.8 (4/5) | 265.3 (27/10) | 543.6 (19/5/72) | 49.4 (26/6/40) |
| Gold Mines | 246.9 (2/1) | 78.8 (26/8) | 442.3 (22/5/75) | 42.5 (26/10/71) |

### S.E. ACTIVITY

| | Nov. 26 | Nov. 25 |
|---|---|---|
| Daily— | | |
| Gilt-Edged | [illegible] | [illegible] |
| Industrials | [illegible] | [illegible] |
| Speculative | [illegible] | [illegible] |
| Totals | [illegible] | [illegible] |
| 5-day Av'rge | | |
| Gilt-Edged | [illegible] | [illegible] |
| Industrials | [illegible] | [illegible] |
| Speculative | [illegible] | [illegible] |
| Totals | [illegible] | [illegible] |

## F.T.—ACTUARIES SHARE INDICES

**These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries**

EQUITY GROUPS — GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section.

| | Equity groups | Mon. Nov. 29 Index No. | Day's Change % | Est. Earnings Yield % (Max.) (Corp. Tax 52%) | Gross Div. Yield % (ACT at 35%) | Est. P/E Ratio (Net) (Corp. Tax 52%) | Est. P/E Ratio (Nil) (Corp. Tax 52%) | Fri. Nov. 26 Index No. | Thurs. Nov. 25 Index No. | Wed. Nov. 24 Index No. | Tues. Nov. 23 Index No. | Year ago (approx.) Index No. | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (178) | 113.00 | −0.2 | 24.19 | 6.37 | 6.15 | 6.10 | 113.27 | 112.40 | 112.91 | 112.85 | 154.60 | 160.06 (31/4) | 100.85 (28/10) | 206.57 (4/5/72) | 50.71 (13/12/74) |
| 2 | Building Materials (30) | 95.31 | −0.4 | 24.55 | 10.14 | 6.17 | 6.17 | 95.79 | 95.51 | 96.95 | 96.88 | 128.98 | 150.18 (15/1) | 85.85 (27/10) | 253.84 (2/5/72) | 44.27 (11/12/74) |
| 3 | Contracting, Construction (22) | 137.64 | −0.4 | 32.41 | 7.91 | 4.76 | 4.76 | 138.40 | 138.19 | 139.02 | 140.56 | 259.35 | 260.20 (15/1) | 122.05 (27/10) | 389.55 (19/5/72) | 71.48 (2/12/74) |
| 4 | Electricals (16) | 218.12 | — | 20.72 | 6.22 | 7.17 | 6.98 | 218.19 | 214.52 | 213.48 | 213.65 | 258.07 | 287.30 (21/4) | 190.84 (27/10) | 350.04 (4/5/72) | 84.71 (25/6/62) |
| 5 | Engineering (Heavy) (13) | 143.01 | −0.6 | 33.80 | 9.01 | 4.30 | 4.25 | 145.88 | 144.13 | 145.67 | 139.64 | 155.64 | 195.18 (5/5) | 125.56 (27/10) | 202.57 (6/5/74) | 64.39 (2/1/75) |
| 6 | Engineering (General) (65) | 106.82 | −0.4 | 24.30 | 8.77 | 6.05 | 6.05 | 107.35 | 106.70 | 107.13 | 106.76 | 116.66 | 149.29 (3/5) | 95.20 (28/10) | 168.59 (14/5/72) | 45.43 (6/1/75) |
| 7 | Machine and Other Tools (9) | 50.74 | −0.1 | 18.47 | 6.76 | 8.10 | 8.08 | 50.76 | 49.55 | 49.56 | 49.46 | 47.46 | 60.69 (3/5) | 45.39 (11/10) | 136.70 (4/7/68) | 19.96 (13/12/74) |
| 8 | Miscellaneous (23) | 97.85 | +0.5 | 22.87 | 9.32 | 6.39 | 6.55 | 97.38 | 97.01 | 97.75 | 98.81 | 115.55 | 141.94 (11/5) | 90.25 (28/10) | 177.41 (27/9/72) | 49.65 (6/1/75) |
| 9 | CONSUMER GOODS (DURABLE) (53) | 97.06 | −0.2 | 25.10 | 7.34 | 5.97 | 5.96 | 97.24 | 96.16 | 96.57 | 96.46 | 110.52 | 141.46 (21/4) | 85.12 (28/10) | 227.78 (21/4/72) | 58.39 (6/1/75) |
| 10 | Lt. Electronics, Radio TV (15) | 103.98 | −0.6 | 23.32 | 5.64 | 6.37 | 6.37 | 104.52 | 102.45 | 103.55 | 103.25 | 122.27 | 160.35 (7/4) | 87.81 (27/10) | 257.41 (19/12/72) | 42.65 (16/12/74) |
| 11 | Household Goods (13) | 108.75 | +0.1 | 28.04 | 11.05 | 5.44 | 5.42 | 108.60 | 108.37 | 107.99 | 106.78 | 161.80 | 187.22 (7/4) | 104.50 (28/10) | 265.22 (4/5/72) | 63.92 (17/12/74) |
| 12 | Motors and Distributors (25) | 66.21 | +0.2 | 26.59 | 8.55 | 5.65 | 5.65 | 66.11 | 65.99 | 65.87 | 66.10 | 65.43 | 85.16 (3/5) | 56.10 (28/10) | 170.59 (15/1/69) | 19.91 (6/1/75) |
| 13 | CONSUMER GOODS (NON-DURABLE) (170) | 116.73 | +0.2 | 19.65 | 8.39 | 7.70 | 7.62 | 116.47 | 115.37 | 115.23 | 115.82 | 143.57 | 162.24 (4/2) | 104.41 (27/10) | 226.05 (16/8/72) | 61.41 (13/12/74) |
| 14 | Breweries (15) | 119.19 | −0.2 | 20.01 | 9.65 | 7.49 | 7.49 | 119.40 | 118.61 | 118.45 | 120.08 | 157.75 | 179.45 (2/2) | 111.17 (27/10) | 281.87 (28/11/72) | 69.47 (13/12/74) |
| 15 | Wines and Spirits (6) | 134.66 | +3.1 | 17.87 | 8.42 | 8.59 | 8.59 | 130.63 | 130.71 | 129.57 | 130.71 | 154.54 | 190.67 (6/5) | 124.71 (28/10) | 287.40 (13/7/72) | 78.88 (18/12/74) |
| 16 | Entertainment, Catering (15) | 146.56 | −0.4 | 16.02 | 5.12 | 8.47 | 8.59 | 147.20 | 146.75 | 145.62 | 146.06 | 174.60 | 211.28 (2/5) | 137.11 (28/10) | 329.99 (12/12/72) | 54.83 (9/1/75) |
| 17 | Food Manufacturing (23) | 133.74 | +0.1 | 21.52 | 6.99 | 7.01 | 5.88 | 133.60 | 132.93 | 132.79 | 132.76 | 157.74 | 179.44 (11/5) | 120.54 (27/10) | 211.65 (15/6/72) | 59.67 (11/12/74) |
| 18 | Food Retailing (16) | 112.71 | +0.9 | 17.41 | 7.04 | 8.45 | 8.43 | 111.70 | 112.05 | 111.97 | 111.15 | 138.86 | 150.05 (12/1) | 92.79 (28/10) | 235.09 (16/8/72) | 54.25 (11/12/74) |
| 19 | Newspapers, Publishing (16) | 178.67 | +0.5 | 14.55 | 5.00 | 10.41 | 10.41 | 177.72 | 175.41 | 173.21 | 173.26 | 158.49 | 184.45 (11/3) | 148.46 (12/10) | 260.09 (2/1/73) | 55.08 (6/1/75) |
| 20 | Packaging and Paper (12) | 82.45 | −2.0 | 21.67 | 9.77 | 7.08 | 7.08 | 84.08 | 82.06 | 81.88 | 81.52 | 96.86 | 112.50 (26/2) | 72.54 (27/10) | 135.69 (26/4/72) | 45.46 (6/1/75) |
| 21 | Stores (34) | 88.99 | −0.4 | 17.55 | 8.05 | 8.86 | 8.86 | 89.32 | 87.76 | 88.25 | 89.19 | 120.93 | 156.24 (2/2) | 78.47 (28/10) | 204.39 (18/2/72) | 52.65 (6/1/75) |
| 22 | Textiles (24) | 105.65 | −0.9 | 19.61 | 11.28 | 7.95 | 7.22 | 106.64 | 105.95 | 106.30 | 106.42 | 153.84 | 188.24 (30/1) | 96.76 (27/10) | 235.72 (17/1/69) | 62.66 (11/12/74) |
| 23 | Tobaccos (3) | 188.68 | +1.5 | 23.22 | 9.15 | 6.41 | 6.41 | 185.94 | 185.93 | 182.45 | 184.48 | 205.49 | 241.98 (3/5) | 167.36 (28/10) | 339.16 (2/6/72) | 94.34 (15/6/62) |
| 24 | Toys and Games (6) | 68.92 | −0.2 | 24.02 | 9.20 | 5.58 | 5.56 | 69.05 | 68.75 | 68.11 | 68.11 | 60.06 | 80.95 (16/7) | 59.15 (2/1) | 135.72 (16/1/70) | 20.92 (6/1/75) |
| | OTHER GROUPS (93) | | | | | | | | | | | | | | | |
| 25 | Chemicals (26) | 175.97 | −0.7 | 18.38 | 6.56 | 7.41 | 7.41 | 177.16 | 174.94 | 176.17 | 175.92 | 187.39 | 231.38 (3/5) | 155.10 (27/10) | 231.38 (3/5/76) | 71.20 (11/12/74) |
| 26 | Office Equipment (9) | 62.91 | −2.2 | 19.21 | 8.40 | 7.61 | 7.61 | 64.30 | 64.15 | 65.29 | 64.05 | 86.82 | 100.16 (19/2) | 58.35 (28/10) | 246.06 (1/8/72) | 46.34 (2/1/75) |
| 27 | Shipping (12) | 343.81 | +1.6 | 15.50 | 7.73 | 9.34 | 8.41 | 338.46 | 333.40 | 333.52 | 334.97 | 375.57 | 452.64 (30/1) | 308.48 (26/10) | 517.00 (5/12/72) | 90.80 (29/6/62) |
| 28 | Miscellaneous (48) | 121.84 | +0.3 | 19.50 | 9.67 | 7.71 | 7.70 | 121.49 | 120.15 | 119.77 | 119.65 | 146.37 | 172.98 (21/4) | 108.14 (27/10) | 258.83 (2/5/72) | 60.39 (6/1/75) |
| 29 | INDUSTRIAL GROUP (496) | 120.64 | −0.1 | 20.57 | 8.12 | 7.15 | 7.09 | 120.61 | 119.43 | 119.61 | 119.64 | 143.12 | 168.86 (3/5) | 107.32 (27/10) | 220.17 (1/5/72) | 59.01 (13/12/74) |
| 30 | OILS (4) | 391.14 | +0.1 | 10.89 | 4.45 | 10.64 | 9.79 | 390.85 | 380.92 | 373.15 | 376.30 | 321.17 | 395.84 (20/5) | 315.67 (11/1) | 431.66 (29/6/68) | 87.23 (29/5/62) |
| 31 | 500 SHARE INDEX | 141.97 | — | 18.68 | 7.38 | 7.66 | 7.51 | 142.01 | 140.17 | 139.76 | 140.21 | 157.93 | 163.00 (5/5) | 125.80 (27/10) | 227.95 (16/8/72) | 63.49 (13/12/74) |
| 32 | FINANCIAL GROUP (100) | 98.20 | +0.5 | — | 8.01 | — | — | 97.94 | 97.45 | 96.88 | 96.94 | 150.56 | 165.46 (30/1) | 87.19 (22/10) | 241.41 (11/4/72) | 55.82 (13/12/74) |
| 33 | Banks (6) | 118.56 | −0.2 | 28.54 | 7.77 | 5.39 | 5.39 | 118.60 | 117.88 | 117.02 | 117.14 | 159.42 | 192.16 (29/1) | 111.35 (27/10) | 288.32 (20/7/72) | 62.44 (12/12/74) |
| 34 | Discount Houses (10) | 150.94 | −1.5 | — | 10.64 | — | — | 152.69 | 152.74 | 155.25 | 154.36 | 162.31 | 186.52 (13/1) | 97.72 (22/10) | 295.15 (2/5/72) | 81.40 (10/12/74) |
| 35 | Hire Purchase (5) | 66.67 | — | 10.82 | 9.80 | 20.57 | 20.57 | 66.67 | 66.58 | 65.58 | 65.56 | 53.48 | 152.10 (26/2) | 53.25 (27/10) | 433.74 (4/5/72) | 38.83 (11/12/74) |
| 36 | Insurance (Life) (10) | 80.81 | +1.1 | — | 9.56 | — | — | 79.91 | 79.72 | 79.56 | 79.44 | 115.39 | 129.46 (30/1) | 75.11 (22/10) | 194.46 (15/3/72) | 44.88 (2/1/75) |
| 37 | Insurance (Composite) (7) | 78.28 | +0.5 | — | 9.44 | — | — | 77.95 | 78.34 | 77.75 | 77.80 | 104.20 | 119.75 (30/1) | 68.99 (22/10) | 155.76 (21/4/72) | 43.96 (13/12/74) |
| 38 | Insurance Brokers (9) | 211.75 | −1.1 | 14.19 | 6.68 | 10.66 | 10.66 | 214.15 | 210.65 | 209.16 | 208.19 | 216.92 | 276.90 (11/5) | 178.27 (27/10) | 276.90 (11/5/76) | 65.86 (16/12/74) |
| 39 | Merchant Banks (15) | 49.78 | −1.1 | — | 6.44 | — | — | 50.65 | 50.68 | 50.64 | 50.65 | 85.84 | 93.83 (27/1) | 45.15 (26/10) | 278.57 (1/5/72) | 31.21 (7/1/75) |
| 40 | Property (32) | 120.44 | +1.7 | 5.32 | 4.59 | 33.45 | 31.63 | 118.42 | 116.37 | 115.66 | 116.45 | 153.09 | 194.57 (30/1) | 95.95 (27/10) | 357.40 (9/11/73) | 56.01 (20/4/65) |
| 41 | Miscellaneous (6) | 60.71 | +1.2 | 22.15 | 14.20 | 6.87 | 6.87 | 61.47 | 60.85 | 61.47 | 62.30 | 76.79 | 91.98 (3/2) | 55.37 (28/10) | 303.18 (18/5/72) | 33.29 (17/12/74) |
| 42 | Investment Trust (50) | 131.49 | +0.4 | 4.04 | 5.87 | 25.57 | 25.57 | 130.99 | 129.62 | 128.10 | 128.03 | 168.62 | 184.55 (30/1) | 115.09 (28/10) | 246.79 (26/4/72) | 71.63 (13/12/74) |
| 43 | ALL-SHARE INDEX (650) | 131.21 | — | — | 7.40 | — | — | 131.15 | 129.63 | 129.13 | 129.47 | 151.72 | 172.64 (30/1) | 116.29 (27/10) | 228.18 (1/5/72) | 61.92 (13/12/74) |
| | COMMODITY GROUPS (Not included in 500 or All-Share indices) | | | | | | | | | | | | | | | |
| 44 | Rubbers (9) | 515.02 | +1.1 | 8.02 | 5.58 | 16.67 | 15.20 | 509.47 | 501.87 | 493.69 | 493.28 | 376.64 | 523.40 (7/6) | 404.67 (14/1) | 555.37 (25/7/73) | 84.68 (25/3/65) |
| 45 | Teas (8) | 131.46 | −0.6 | 32.08 | 9.35 | 4.10 | 3.97 | 132.20 | 131.53 | 131.73 | 132.07 | 111.32 | 142.43 (6/7) | 117.89 (7/1) | 142.43 (6/7/76) | 59.72 (17/10/74) |
| 46 | Coppers (3) | 153.71 | — | 42.15 | 7.28 | 2.37 | 2.37 | 153.71 | 156.70 | 156.21 | 157.05 | 261.04 | 301.47 (7/1) | 145.41 (6/11) | 567.78 (13/7/73) | 94.08 (29/4/62) |
| 47 | Mining Finance (11) | 80.07 | −2.1 | 11.66 | 6.03 | 9.41 | 9.34 | 81.78 | 82.43 | 83.24 | 85.93 | 108.43 | 119.77 (7/1) | 77.55 (15/10) | 175.90 (22/4/69) | 66.31 (30/9/74) |
| 48 | Tins (5) | 114.93 | +1.2 | 12.31 | 9.67 | 13.50 | 12.34 | 113.52 | 113.04 | 114.03 | 115.66 | 92.06 | 126.36 (7/10) | 86.09 (9/2) | 126.36 (7/10/76) | 54.83 (27/6/70) |
| 49 | Overseas Traders (13) | 198.26 | −0.3 | 18.52 | 6.90 | 7.41 | 7.40 | 198.77 | 198.78 | 195.96 | 196.15 | 310.12 | 254.47 (3/5) | 178.31 (27/10) | 254.47 (3/5/76) | 97.37 (6/1/75) |

| | FIXED INTEREST | Mon. Nov. 29 Index No. | Mon. Nov. 29 Yield % | Friday Nov. 26 | Thurs. Nov. 25 | Wed. Nov. 24 | Tuesday Nov. 23 | Monday Nov. 22 | Friday Nov. 19 | Thurs. Nov. 18 | Year ago (approx.) | 1976 High | 1976 Low | Since Compilation High | Since Compilation Low |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Consols 2½% yield | — | 15.04 | 15.02 | 15.02 | 15.01 | 15.00 | 15.11 | 14.98 | 15.09 | 14.94 | — | — | — | — |
| 2 | 20-yr. Govt. Stocks (6) | 44.41 | 14.55† | 44.43 | 44.39 | 44.50 | 44.52 | 44.35 | 44.57 | 44.24 | 46.18 | 55.45 (30/1) | 42.61 (21/10) | 115.42 (11/1/66) | 38.27 (3/1/75) |
| 3 | 20-yr. Red. Deb. & Loans (15) | 44.45 | 16.51† | 44.49 | 44.49 | 44.54 | 44.50 | 44.50 | 44.39 | 44.31 | 45.94 | 52.40 (21/5) | 45.09 (4/11) | 115.45 (25/10/66) | 37.01 (3/1/75) |
| 4 | Investment Trust Prefs. (15) | 43.98 | 15.81 | 43.65 | 43.44 | 43.30 | 43.16 | 43.16 | 43.11 | 42.99 | 46.21 | 51.25 (15/2) | 40.54 (6/10) | 114.41 (10/4/65) | 34.45 (4/12/74) |
| 5 | Coml. and Indl. Prefs. (20) | 60.68 | 14.88 | 60.60 | 60.53 | 60.32 | 60.32 | 60.57 | 60.32 | 60.07 | 63.54 | 71.97 | 54.89 | 114.96 | 47.67 (6/1/75) |

| Section or Group | Base Date | Base Value | Section or Group | Base Date | Base Value |
|---|---|---|---|---|---|
| Overseas Traders | 31/12/74 | 100.00 | Food Retailing | 29/12/67 | 114.13 |
| Engineering (Heavy) | 31/12/71 | 153.84 | Insurance Brokers | 29/12/67 | 96.67 |
| Engineering (General) | 31/12/71 | 153.84 | Mining Finance | 29/12/67 | 100.00 |
| Wines and Spirits | 16/1/70 | 146.76 | All Other | 10/4/62 | 100.00 |
| Toys and Games | 16/1/70 | 135.72 | | | |
| Office Equipment | 16/1/70 | 128.20 | | | |
| Industrial Group | 31/12/70 | 128.20 | | | |
| Miscellaneous Financial | 31/12/70 | 128.06 | | | |
| Food Manufacturing | 29/12/67 | 114.13 | | | |

† Redemption yield. FT-Actuaries indices are calculated by Extel Communications Limited (a member of the Exchange Telegraph Group) on an IBM 370 computer.

A list of the constituents of the FT-Actuaries Share Indices is now available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p. By post 28p.

A record of the indices, cost £30, is obtainable from FT Business Enterprises, 10, Bolt Court, London, EC4. It gives all group and sub-section indices at fortnightly intervals since the start of the series in 1962 with quarterly highs and lows. Dividend and earnings figures are also included.

## ACTIVE STOCKS

| Stock | Denomination | No. of marks | Closing price (p) | Change on day | 1976 high | 1976 low |
|---|---|---|---|---|---|---|
| BP | £1 | 13 | 744 | +4 | 744 | 557 |
| ICI | £1 | 12 | 286 | −4 | 402 | 256 |
| BATs Defd. | 25p | 10 | 210 | −3 | 225 | 183 |
| Shell Transport | 25p | 9 | 408 | −2 | 462 | 352 |
| Wilkinson Match | £1 | 9 | 135 | +12 | 138 | 115 |
| Barclays Bank | £1 | 8 | 200 | −2 | 330 | 190 |
| GEC | 25p | 7 | 135 | +1 | 168 | 112 |
| Glaxo | 50p | 7 | 353 | −3 | 422 | 280 |
| Beecham | 25p | 6 | 324 | −2 | 390 | 269 |
| EMI | 50p | 6 | 202 | +1 | 277 | 173 |
| GUS "A" | 25p | 6 | 134 | −2 | 224 | 123 |
| GKN | £1 | 6 | 229 | — | 350 | 203 |
| Imperial Group | 25p | 6 | 58 | +2 | 88 | 50½ |
| Lloyds Bank | £1 | 6 | 167 | −1 | 266 | 155 |
| P & O Defd. | £1 | 6 | 106½ | +1½ | 119 | 87 |

*The above list of active stocks is based on the number of bargains recorded yesterday in the Official list and under Rule 163(1) (e).*

## Option Report—3-month Call rates

**OPTION DEALING DATES**

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| Nov. 23 | Dec. 6 | Feb. 24 | Mar. 8 |
| Dec. 7 | Dec. 20 | Mar. 10 | Mar. 22 |
| Dec. 21 | Jan. 11 | Mar. 24 | Apr. 5 |

Calls were dealt in Lonrho, Burmah Oil, Dunlop, Geo. Wimpey, ICI, BP and Gateway Securities. A put was done in Trafalgar House Warrants, while doubles were arranged in Burmah Oil, British Land, Dunlop, Charterhall Finance, Ladbroke and Trafalgar House Warrants.

| Industrials | | | | | | | |
|---|---|---|---|---|---|---|---|
| A. Brown | 5½ | E.M.I. | 17 | Marks & Sp'ncer | 8 | Brit. Land | 3½ |
| A. P. Cement | 15 | Fitch Lovell | 6 | Midland Bank | 22 | Cap. Counties | 5 |
| Assoc. Leisure | 5 | Gen. Accident | 12 | Nat'l West Bank | 20 | E.P. | 5 |
| BSR | 9 | Gen. Electric | 15 | "Do" Warrants | 7½ | Intereuropean | 7 |
| Babcock | 8 | Glaxo | 35 | P & O Dfd. | 11 | Land Securities | 14 |
| Barclays Bank | 22 | Grand Met. | 7 | Plessey | 7 | MEPC | 7 |
| Berry Wiggins | 5 | G.U.S. 'A' | 16 | R.H.M. | 5 | Peachey | 6 |
| Beecham | [illegible] | Guardian | 18 | Rank Org. 'A' | 15 | Samuel Props. | 4½ |
| Boots | [illegible] | G.K.N. | 25 | Reed Int'l | 25 | Town & City | 2½ |
| Bowater | 18 | [illegible] | [illegible] | [illegible] | [illegible] | Oils | |
| B.A.T. | 21 | I.C.I. | 20 | Slater Walker | 6 | Brit. Petroleum | 40 |
| British Leyland | 5 | "Imps" | 7 | Spillers | 4 | Burmah Oil | 4½ |
| BOC | 5½ | I.C.L. | 14 | Tesco | 4 | Shell | 27 |
| Brown (J.) | 9 | Inveresk | 7 | Thorn 'A' | 22 | Ultramar | 14 |
| Burton 'A' | 6½ | Legal & General | 12 | Trust Houses | 9 | Mines | |
| Cadbury | 5 | Ladbroke | 11 | Tube Invest. | 7 | Charter Cons. | 15 |
| Cavenham | 10 | Lex Service | 5½ | Unilever | 35 | Chart'Hall Fin | 4 |
| Courtaulds | 11 | Lloyds Bank | 22 | Utd. Drapery | 5 | Cons Gold | 18 |
| Debenhams | 8 | "Lofs" | 4 | Vickers | 15 | Hampton Areas | 12 |
| Distillers | 15 | London Brick | 4½ | Williams Hud'n | 4 | Rio T. Zinc | 18 |
| Dunlop | 7½ | Lonrho | 9 | Woolworths | 6 | Western M'ng | 18 |
| Eagle Star | 11 | Lucas Inds. | 20 | | | | |
| | | "Mams" | 7 | Property | | | |

## NEW HIGHS AND LOWS FOR 1976

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1976.

**NEW HIGHS (6)**

[illegible]

**NEW LOWS (29)**

[illegible]

## RISES AND FALLS YESTERDAY

| | Up | Down | Same |
|---|---|---|---|
| British Funds | 2 | 12 | 68 |
| Corpns. Dom. and Foreign Bonds | 7 | 3 | 30 |
| Industrials | 286 | 284 | 1,112 |
| Financial and Prop. | 141 | 60 | 347 |
| Oils | 11 | 11 | 13 |
| Plantation | 4 | 2 | 32 |
| Mines | 34 | 70 | 41 |
| Recent Issues | 3 | 6 | 14 |
| Totals | 488 | 448 | 1,663 |

## MONEY MARKET

# Moderate assistance

**Bank of England Minimum Lending Rate 14¾ per cent. (since November 19, 1976)**

Day-to-day credit was not expected to be in short supply in the London money market yesterday, but the authorities did give moderate assistance to the market, suggesting that banks may be carrying forward surplus balances overnight. The authorities bought a moderate amount of Treasury bills and a small number of local authority bills from the discount houses.

There was a small market take-up of Treasury bills to finance and an increase in the note circulation was also against the market. On the other hand banks carried forward surplus balances from Friday and Government disbursements exceeded revenue payments to the Exchequer.

Discount houses paid about 14¾ per cent. for secured call loans in the early part, and closing balances were taken at 14¼-14¾ per cent.

In the interbank market overnight loans opened at 15-15¼ per cent., eased to 14¼-14½ per cent., before rising to 14¾-15 per cent., and closing at 14 per cent.

Fixed-period interest rates were a little easier for the shorter periods, reflecting the better supply of day-to-day funds.

Rates in the table below are nominal in some cases.

| Nov. 29 1976 | Sterling Certificate of deposits | Interbank | Local Authority deposits‡ | Local Auth. negotiable bonds | Finance House Deposit | Company deposits | Discount market deposits | Treasury bills ⊕ | Eligible Bank Bills ⊕ | Fine Trade Bills ⊕ |
|---|---|---|---|---|---|---|---|---|---|---|
| Overnight | — | 14-15¼ | — | — | — | 14¾ | 14½-14¾ | — | — | — |
| 2 days notice | — | — | 15⅛-15⅜ | — | — | — | — | — | — | — |
| 7 days or 7 days notice | — | 14¾-15¼ | 15¼-15½ | — | 15⅜-15¾ | — | 14⅝-14¾ | — | — | — |
| One month | [illegible] | [illegible] | 15¼-15½ | 15⅛-14⅞ | 15⅝-15⅞ | — | 14¼-14½ | [illegible] | [illegible] | 15½-15¾ |
| Two months | [illegible] | 14⅞-15⅛ | — | 15⅛-14¾ | 15⅛-15⅜ | — | 14-14¼ | [illegible] | [illegible] | 15⅜-15⅝ |
| Three months | [illegible] | [illegible] | 14⅞-15⅛ | 14¾-14 | 15-15⅛ | — | 14-14¼ | 14¼ | [illegible] | 15¼-15⅜ |
| Six months | 14⅞-14 | 14⅛-14⅝ | [illegible] | 14⅞-14 | 14¾-15¼ | — | — | — | [illegible] | 15¼-15 |
| Nine months | [illegible] | 13⅞-14⅞ | — | 14¼-14¾ | 15 | — | — | — | — | — |
| One year | [illegible] | [illegible] | 15¼-15½ | 13⅞-13⅝ | — | — | — | — | — | — |
| Two years | — | — | 14⅞-15 | — | — | — | — | — | — | — |

Local authority and finance houses seven days' notice, others seven days fixed. ‡Long-term local authorities mortgage rates nominally three years 14½-15 per cent.; four years 14¾-15 per cent.; five years 14¾-15 per cent. ⊕Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 14[illegible] per cent.; four-month trade bills 15½-15 per cent. Approximate selling rate for one-month Treasury bills [illegible] per cent.; two-month [illegible] per cent.; and three-month 13[illegible] per cent. Approximate selling rate for one-month bank bills 14¾-14[illegible] per cent.; two-month 14¾ per cent.; and three-month 14¼ per cent.; one-month trade bills 15¼-15½ per cent.; two-month 15¼-15½ per cent.; and also three-month 15¼-15 per cent.

*Finance House Rates* (published by the Finance Houses Association): 14 per cent. from November 1, 1976. Clearing Bank Deposit Rates for small sums at seven days' notice 11 per cent. Clearing Bank Rates for lending 15 per cent. Treasury bill average tender rates of discount 14.0342 per cent.

## Danish ship withdrawn from service

THE DFDS Seaways' Dana Regina is being w[illegible] from the Harwich-Esbj[illegible] because of engine troub[illegible] expected to be out of se[illegible] a week during which tim[illegible] he replaced by the ship [illegible] There will be no redu[illegible] the frequency of the [illegible] vice between Britain [illegible] mark.

## BASE LENDING RATES

Allied Irish Banks Ltd. [illegible]
American Express Bank [illegible]
Anglo-Portuguese Bank [illegible]
Henry Ansbacher [illegible]
Banco de Bilbao [illegible]
Bank of Credit & Cmce. [illegible]
Bank of Cyprus [illegible]
Bank of N.S.W. [illegible]
Banque du Rhone S.A. [illegible]
Barclays Bank [illegible]
Barnett Christie Ltd. [illegible]
Bremar Holdings Ltd. [illegible]
Brit. Bank of Mid. East [illegible]
■ Brown Shipley [illegible]
Canada Permanent AFI [illegible]
Capitol C & C Fin. Ltd. [illegible]
Cayzer Ltd. [illegible]
Cedar Holdings [illegible]
■ Charterhouse Japhet [illegible]
C. E. Coates [illegible]
Consolidated Credits [illegible]
Co-operative Bank [illegible]
Corinthian Securities [illegible]
Credit Lyonnais [illegible]
The Cyprus Popular Bk. [illegible]
Duncan Lawrie [illegible]
Eagil Trust [illegible]
English Transcont. [illegible]
First London Secs. [illegible]
First Nat. Fin. Corp. [illegible]
First Nat. Secs. Ltd. [illegible]
Goode Durrant Trust [illegible]
■ Antony Gibbs [illegible]
Greyhound Guaranty [illegible]
Grindlays Bank [illegible]
■ Guinness Mahon [illegible]
■ Hambros Bank [illegible]
■ Hill Samuel [illegible]
C. Hoare & Co. [illegible]
Julian S. Hodge [illegible]
Hongkong & Shanghai [illegible]
Industrial Bank of Scot. [illegible]
Keyser Ullmann [illegible]
Knowsley & Co. Ltd. [illegible]
Lloyds Bank [illegible]
London & European [illegible]
London Mercantile [illegible]
Midland Bank [illegible]
■ Samuel Montagu [illegible]
■ Morgan Grenfell [illegible]
National Westminster [illegible]
Norwich General Trust [illegible]
P. S. Refson & Co. [illegible]
Rossminster Accept'cs [illegible]
Royal Bk. Canada Trust [illegible]
Schlesinger Limited [illegible]
E. S. Schwab [illegible]
Security Trust Co. Ltd. [illegible]
Shenley Trust [illegible]
Standard Chartered [illegible]
Trade Development Bank [illegible]
Twentieth Century Bk. [illegible]
United Bank of Kuwait [illegible]
Whiteaway Laidlaw [illegible]
Williams & Glyn's [illegible]
Yorkshire Bank [illegible]

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1-month [illegible]
† 7-day deposits on sums of £10,000 and under 11½%, up to £25,000 11¾% and over £25,000 12%.
‡ Demand deposits 11%.
§ Call deposits over £1,000 11%.

## CORAL INDEX

Close 300-305

## INSURANCE BASE RATES

† Atlantic Assurance [illegible]
Cannon Insurance [illegible]
† Address shown under Insurance and Property Bond Table.

# AUTHORISED UNIT TRUSTS

[illegible]

# INSURANCE, PROPERTY, BONDS

[illegible]

# OFFSHORE AND OVERSEAS FUNDS

[illegible]

United States Tst. Intl. Adv. Co.,
Aldringer, Luxembourg
rv. Fnd... | $US11.59 | +0.09 | 0.87.
Net asset value Nov. 26.

S. G. Warburg & Co. Ltd.
...am Street, EC2 01-600 4555
...Nov. 26 ... | $US8.01 | +0.01 | —
...t. Nov 26 | $US24.05 | +0.16 | —
...Oct. 29... | $US5.92 | ... | —

Warburg Invest. Mngt. Jrsy. Ltd.
...Cross, St. Helier, Jsy. CI. 0534 29041
...Nov. 25 ... | $US9.65 | 9.58 | +0.09 | —
...Nov. 25 ... | £9.22 | 9.45 | +0.09 | —
..., Nov. 18. | £12.27 | 12.57 | ... | —
... 11 ... | $US9.% | 10.22 | ... | —
...Nov. 11 ... | £10.10 | 10.36 | ... | —

World Wide Growth Management
...evard Royal, Luxembourg.
...deGth.Fd. | $US11.43 | +0.05 | —

## NOTES

...o not include $ premium, where ...e, and are in pence unless otherwise ... Yields % (shown in last column) ...all buying expenses. a Offered prices ... all expenses. b Today's prices. ...based on offer price. d Estimated. ...s opening price. h Distribution free ...taxes. g Offered price includes all ... except agent's commission. ... price includes all expenses if ...through managers. z Previous day's ...let of tax on realised capital gains ...ndicated by ♦. ¶Guernsey yield ...led. ‡Single premium insurance ...nds. ♦Yield before Jersey tax.

## ...GIONAL MARKETS

...hese prices previously shown under regional headings ...otations on London. Irish issues, most of which are ... are shown separately and with prices ...

| | | | | | |
|---|---|---|---|---|---|
| Pearce (C. H.) | 85 | ...... | Ind. News | [illegible] | ...... |
| Peel Mills | 11 | ...... | Ins. Corp. | [illegible] | ...... |
| RobbCaledonSh. | 42 | ...... | Irish Distillers | 38 | ...... |
| Sayers 12½p | 25 | ...... | Irish Ropes | 80 | ...... |
| Sheffield Brick | 73 | ...... | Jacob | 43 | ...... |
| Sheff. Refrshmt. | 138 | ...... | Sunbeam | 19 | ...... |
| Shiloh Spinn. | 21 | ...... | T.M.G. | 72 | +1 |
| Sindall (Wm.) | 49 | ...... | Unidare | 42 | ...... |


## ...ATION LOANS

...ough City Council Bonds

...of £10,000 14%

...of £1,000 13½%

2–3 years

...er, Town Hall, Peterborough PE1 1HO
...ephone: 0733 63141 ext. 316.


## ...INMENT GUIDE—Cont.

PLAZA 1 & 2. Lower Regent Street. 437 1234. Sep. perfs. All seats bookable Eve. perfs. Box Office 11 a.m. to 7 p.m. (not Suns.). No phone bookings.
1. THE BIG BUS (A). Daily 2.20, 3.55, 6.10, 8.25. Late Show Fri. and Sat. 11.15 p.m.
2. THE BAD NEWS BEARS (A). Progs. wkdys. 2.15, 4.20, 6.30, 8.40. Late show Fri. and Sat. 11.15 p.m.

PRINCE CHARLES, Leic. Sq. 437 8121. Now in Her 3rd Sensational Year. The One and Only Original Emmanuelle (X). ...

[illegible]

## ART GALLERIES

[illegible]

DRIVERS JONAS
Chartered Surveyors
London · Aberdeen · Milan

# FT SHARE INFORMATION SERVICE

## ++BRITISH FUNDS

| 1976 High | Low | Stock | £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| | | **"Shorts" (Lives up to Five Years)** | | | | |
| 101½ | 99¼ | Treasury 10½pc 1976‡‡ | 99⅞ | ..... | 10.55 | 13.96 |
| 98½ | 95½ | Treasury 6½pc 1977‡‡ | 97⅛ | ..... | 6.38 | 13.96 |
| 97¼ | 94½ | Electric 3pc '74-77 | 97¼ | −⅛ | 3.08 | 12.87 |
| 103½ | 97½ | Treasury 11½pc '77‡‡ | 98⅝ | ..... | 11.66 | 13.20 |
| 95⅛ | 91½ | Treasury 2pc '77‡‡ | 94 | −⅛ | 3.19 | 9.69 |
| 95⅝ | 92¼ | Transport 4pc '72-77 | 94⅝xd | ..... | 4.22 | 9.42 |
| 99½ | 90½ | Treasury 9pc 1978‡‡ | 95½ | −⅛ | 9.47 | 13.26 |
| 101½ | 93⅞ | Treasury 10½pc '78‡‡ | 95⅛ | −⅛ | 11.00 | 13.68 |
| 93½ | 89½ | Exch. 5pc '76-78 | 90⅝ | −⅛ | 5.52 | 10.77 |
| 103½ | 92½ | Treasury 11½pc '79‡‡ | 94⅞ | −⅛ | 12.16 | 14.36 |
| 98½ | 92½ | Treas 11½pc '79 A ‡‡ | 94½ | −⅛ | 12.17 | 14.37 |
| 88⅞ | 82¼ | Treasury 3pc '79‡‡ | 84½ | ..... | 3.57 | 9.62 |
| 89⅞ | 82¼ | Electric 4¼pc '74-79 | 85⅛ | ..... | 4.99 | 10.46 |
| 100½ | 85⅞ | Treasury 10½pc '79‡‡ | 91 | −⅛ | 11.54 | 14.36 |
| 85¼ | 82¼ | Electric 3½pc '76-79 | 84 | ..... | 4.16 | 9.86 |
| 96½ | 84½ | Treasury 9pc 1980‡‡ | 86½ | −⅛ | 10.38 | 14.25 |
| 95½ | 84½ | Treasury 9½pc '80‡‡ | 87½ | −⅛ | 10.92 | 14.40 |
| 88 | 78¼ | Treasury 3½pc '77-80 | 80⅞xd | +⅛ | 4.33 | 10.06 |
| 89½ | 80 | Funding 5¼pc '78-80‡‡ | 81½ | +⅛ | 6.41 | 11.64 |
| 96⅞ | 96¼ | Exch. 13pc 1980‡‡ | 96¼ | ..... | 13.50 | 14.24 |
| 103½ | 88½ | Treasury 11½pc 1981‡‡ | 90⅞ | −⅛ | 12.65 | 14.46 |
| 86 | 79¼ | Treasury 3¼pc 1979-81 | 77⅛ | ..... | 4.52 | 10.23 |
| 95½ | 82½ | Treasury 9¾pc 1981‡‡ | 85½ | −⅛ | 11.45 | 14.41 |
| | | **Five to Fifteen Years** | | | | |
| 94½ | 79½ | Treasury 8¾pc '80-82‡‡ | 84⅛ | ..... | 10.51 | 13.79 |
| 70½ | 69¾ | Treasury 3pc '82‡‡ | 70½ | ..... | 4.28 | 10.60 |
| 99½ | 98¼ | Treasury 14pc '82‡‡ | 98⅝ | ..... | 14.30 | 14.57 |
| 107¾ | 88⅞ | Treasury 12pc 1983‡‡ | 92½ | ..... | 13.32 | 14.44 |
| 81⅛ | 69⅝ | Funding 5½pc '82-84‡‡ | 72¼ | ..... | 7.84 | 11.79 |
| 87⅝ | 74⅞ | Treasury 8½pc '84-86‡‡ | 78¼ | ..... | 11.34 | 13.16 |
| 74⅞ | 60½ | Funding 6½pc '85-87‡‡ | 63⅝ | ..... | 10.30 | 13.08 |
| 77⅝ | 65⅛ | Treasury 7¾pc '85-88‡‡ | 68⅝ | ..... | 11.75 | 13.80 |
| 51¼ | 44⅞ | Transport 3pc '78-88 | 46⅞xd | ..... | 6.43 | 11.43 |
| 57¾ | 43 | Treasury 5pc '86-89 | 50⅞ | ..... | 9.95 | 13.09 |
| 103¾ | 87¼ | Treasury 13pc 1990‡‡ | 92⅞ | ..... | 14.82 | 15.16 |
| 75⅞ | 61⅞ | Treasury 8¼pc '87-90‡‡ | 63⅞xd | ..... | 12.95 | 14.42 |
| 60 | 47⅞ | Funding 5¾pc '87-91‡‡ | 50½ | ..... | 11.59 | 13.96 |
| | | **Over Fifteen Years** | | | | |
| 100½ | 84¼ | Treasury 12¾pc '92‡‡ | 89 | ..... | 15.10 | 15.40 |
| 98½ | 82¼ | Treasury 12½pc '93‡‡ | 87 | ..... | 15.20 | 15.48 |
| 58 | 45⅞ | Funding 6pc 1993‡‡ | 48½ | ..... | 12.70 | 14.40 |
| 97½ | 91⅞ | Treasury 14½pc '94‡‡ | 96⅛ | ..... | 15.51 | 15.58 |
| 75⅝ | 59½ | Treasury 9pc '94‡‡ | 62⅞ | ..... | 14.38 | 15.09 |
| 36½ | 28⅝ | Gas 3pc '90-95 | 30¼ | ..... | 9.83 | 13.04 |
| 100 | 79 | Treasury 12¼pc '95‡‡ | 83½ | ..... | 15.37 | 15.56 |
| 75⅞ | 59⅞ | Treasury 9pc '92-96‡‡ | 63½ | ..... | 14.63 | 15.22 |
| 98⅞ | 97½ | Treasury 15¼pc '96‡‡ | 98⅛ | ..... | 15.67 | 15.68 |
| 95¼ | 81½ | Exchequer 13¼pc '96‡‡ | 86⅛ | ..... | 15.48 | 15.63 |
| 36½ | 28 | Redemption 3pc 1986-96 | 30⅛ | ..... | 10.12 | 12.91 |
| 103½ | 85½ | Treasury 13¼pc '97‡‡ | 90 | ..... | 15.54 | 15.65 |
| 70½ | 58 | Treasury 8¾pc 1997‡‡ | 61⅝ | ..... | 14.71 | 15.21 |
| 57⅞ | 45 | Treasury 6¾pc '95-98‡‡ | 47⅞ | ..... | 14.26 | 15.04 |
| 100⅝ | 95⅞ | Treas 15½pc '98‡‡ | 100⅝ | ..... | 15.71 | 15.70 |
| 76 | 63¼ | Treasury 9½pc 1999‡‡ | 66⅞ | ..... | 15.01 | 15.33 |
| 31½ | 25⅞ | Funding 3½pc '99-04 | 27½ | ..... | 13.38 | 14.27 |
| 65 | 51 | Treasury 8pc '02-06‡‡ | 54¼ | ..... | 15.09 | 15.24 |
| 46½ | 35⅞ | Treasury 5½pc '08-12‡‡ | 38 | ..... | 14.95 | 15.08 |
| 60⅞ | 50¼ | Treasury 7¾pc '12-15‡‡ | 53⅝ | ..... | 15.21 | 15.24 |
| | | **Undated** | | | | |
| 30⅝ | 25¼ | Consols 4pc | 26⅞ | ..... | 15.65 | — |
| 27⅞ | 22¼ | War Loan 3½pc‡‡ | 23⅞xd | ..... | 14.65 | — |
| 28⅞ | 23⅞ | Conv. 3½pc '61 Aft. | 25 | ..... | 14.33 | — |
| 23¼ | 18½ | Treasury 3pc '66 Aft. | 19⅝ | ..... | 15.65 | — |
| 19⅝ | 16 | Consols 2½pc | 17 | ..... | 15.04 | — |
| 17½ | 15⅛ | Treasury 2½pc | 16⅛ | ..... | 15.66 | — |

## ++INTERNATIONAL BANK

| 1976 High | Low | Stock | £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 75½ | 68½ | 5pc Stock '77-82 | 75½ | +½ | 6.74 | 11.21 |

## ++CORPORATION LOANS

| 1976 High | Low | Stock | £ | + or − | Yield Int. | Yield Red. |
|---|---|---|---|---|---|---|
| 89¾ | 78¼ | Birm'ham 9¾pc '79-81 | 80½ | ..... | 11.49 | 15.18 |
| 98½ | 87½ | Bristol 6½pc '75-77 | 98⅛ | ..... | 6.61 | 14.77 |
| 95½ | 89½ | Essex 5½pc '75-77 | 95¼ | ..... | 5.77 | 14.00 |
| 96 | 92⅞ | G.L.C. 7¼pc 1977 | 95⅞ | ..... | 7.61 | 14.22 |
| 102½ | 86½ | Do. 12½pc '82 | 90¼xd | −¼ | 13.84 | 15.16 |
| 78¼ | 73½ | Herts 5¼pc '78-80 | 75 | ..... | 7.00 | 14.64 |
| 95½ | 91⅞ | Liverpool 7pc '76-77 | 94⅞ | ..... | 7.38 | 13.82 |
| 83 | 73½ | Do. 9¼pc '80-84 | 76¼ | ..... | 12.74 | 15.08 |
| 26 | 20½ | Do. 3½pc Irred. | 22 | ..... | 16.62 | — |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## COMMONWEALTH & AFRICAN LOANS

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## LOANS (Miscel.)

| | | | | | | |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## FOREIGN BONDS & RAILS

| 1976 High | Low | Stock | Price £ | + or − | Div. % Gross | Red. Yield |
|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

* U.S. $ & DM prices exclude inv. $ premium

## AMERICANS

| 1976 High | Low | Stock | £ | + or − | Div. Gross | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

S.E. List Premium 39¾% (based on $US1.6820 per £)

Conversion factor 0.7145 (0.7129)

## CANADIANS

| 1976 High | Low | Stock | £ | + or − | Div. Gross | Cvr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 14¾ | 10⅞ | Bk. Montreal $2 | 11¼ | −⅛ | $1.00 | — | 5.6 |
| 40½ | 29⅝ | Bk. Nova Scot. $2 | 33¼ | −¼ | $1.72 | — | 3.3 |
| 46¾ | 33¼ | Bell Canada 25c | 39⅞ | −½ | $3.72 | — | 6.0 |
| 23⅝ | 12 | Bow Valley‖ | 18⅞ | +⅝ | 10c | — | 0.3 |
| 10 | 780p | Brascan‖ | 845p | −5 | s$1.00 | — | 7.6 |
| 29⅛ | 19¾ | Can. Imp. Bk. $2 | 19⅞ | −⅛ | $1.28 | — | 4.2 |
| 16⅞ | 10⅞ | Can. Pacific $5 | 12½ | −⅛ | 84½c | — | 4.4 |
| 29⅝ | 25⅛ | Do. 4pc Deb. £100 | 25⅝ | ..... | 4% | — | 15.7 |
| 37⅞ | 19¾ | Gulf Oil Can.‖ | 19¾ | −½ | $1.00 | — | 3.3 |
| 670p | 380p | Hawker Sid. Can.‖ | 380p | ..... | 36c | — | 6.1 |
| 33 | 22 | Hollinger $5 | 23¼ | −¾ | $1.80 | — | 5.0 |
| 18 | 11⅛ | Hudson's Bay ‖ | 11⅝ | −⅛ | 60c | — | 3.3 |
| 34⅛ | 26 | Hud. B. Oil G. $2½ | 26¾ | +¾ | $1.60 | — | 3.8 |
| 22¼ | 16¼ | Imperial Oil‖ | 16½ | ..... | 86.4c | — | 3.4 |
| 31½ | 19½ | Inco | 24½ | +¾ | $1.40 | — | 3.7 |
| 920p | 660p | Int. Nat. Gas $1 | 790p | −10 | 80c | — | 6.5 |
| 25½ | 16 | Massey Ferg.‖ | 16¼ | −¾ | $1.00 | — | 3.8 |
| 27⅞ | 20¼ | Pacific Pet. $1 | 20⅞ | −⅛ | 86.4c | — | 2.7 |
| 38½p | 24p | Place Gas $1 | 24½p | −2 | — | — | — |
| 30⅝ | 22⅞ | Rio Algom | 22¼ | −¾ | $1.00 | — | 2.8 |
| 27¼ | 20⅞ | Royal Bk. Can. $2 | 20⅞ | −¼ | $1.38 | — | 4.4 |
| 28⅛ | 17⅞ | Seagram Co. C$1 | 18⅛ | +⅞ | 86.4c | — | 3.1 |
| 18⅛ | 13⅛ | Tor. Dom. Bk. $1 | 14⅛ | −⅛ | 74c | — | 3.3 |
| 11⅞ | 830p | Trans. Can. Pipe 33½c | 950p | −75 | 88c | — | 6.0 |

S.E. List Premium 39¾% (based on $1.6820 per £)

## BANKS AND HIRE PURCHASE

| 1976 High | Low | Stock | Price | + or − | Div Net | Cvr | Y'ld Gr's | P/E |
|---|---|---|---|---|---|---|---|---|
| 390 | 251 | ANZ $A1 | 310 | −30 | †Q14.9 | — | 3.1 | — |
| 250 | 125 | Alexanders D. £1 | 173 | ..... | 11.67 | — | 10.4 | — |
| £110 | £80 | Algemene Fl.100 | £95½ | +½ | †Q21% | 2.6 | 5.4 | 9.8 |
| 490 | 235 | Allen Harvey £1 | 320 | ..... | 25.0 | — | 12.0 | — |
| 128 | 76 | Allied Irish | 81xd | +2½ | †Q6.89 | — | 8.5 | — |
| 195 | 90 | Arbuthnot L. £1 | 100 | −5 | 8.28 | — | 13.2 | — |
| £23 | £16⅝ | Bank Amer. $1.565 | £21⅞ | ..... | Q80c | — | 2.3 | — |
| 350 | 210 | Bk. Ireland £1 | 235xd | +4 | ‡12.5 | — | 10.6 | — |
| £148 | 80 | Do. 10pc Conv. | £93 | ..... | Q10% | — | f11.0 | — |
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

### Hire Purchase, etc.

| | | | | | | | | |
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| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## BEERS, WINES AND SPIRITS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## BUILDING INDUSTRY, TIMBER AND ROADS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## BUILDING INDUSTRY—Continued

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| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## CHEMICALS, PLASTICS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## CINEMAS, THEATRES AND TV

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## DRAPERY AND STORES

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## DRAPERY AND STORES—Continued

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| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## ELECTRICAL AND RADIO

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## ENGINEERING, MACHINE TOOLS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## ENGINEERING—Continued

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## FOOD, GROCERIES, ETC.

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## HOTELS AND CATERERS

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## HOTELS—Continued

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|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## INDUSTRIALS (Miscel.)

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

هكذا من الأصل

## INDUSTRIALS—Continued

[illegible]

## INSURANCE

[illegible]

## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

[illegible]

### Commercial Vehicles

[illegible]

### Components

[illegible]

### Garages and Distributors

[illegible]

## NEWSPAPERS, PUBLISHERS

[illegible]

## PAPER, PRINTING, ADVERTISING

[illegible]

## PROPERTY

[illegible]

## PROPERTY—Continued

[illegible]

## SHIPBUILDERS, REPAIRERS

[illegible]

## SHIPPING

[illegible]

## SHOES AND LEATHER

[illegible]

## SOUTH AFRICANS

[illegible]

## TEXTILES

[illegible]

## TOBACCOS

[illegible]

## TRUSTS, FINANCE, LAND

### Investment Trusts

[illegible]

## TRUSTS—Continued

[illegible]

### Finance, Land, etc.

[illegible]

## OILS

[illegible]

## OVERSEAS TRADERS

[illegible]

## RUBBERS AND SISALS

[illegible]

## TEAS

### India and Bangladesh

[illegible]

### Sri Lanka

| 1976 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 59 | 40 | Lanuva £1 | 59 | ...... | 325 | 0.9 | 8.5 |

### Africa

[illegible]

## MINES

### CENTRAL RAND

[illegible]

### EASTERN RAND

[illegible]

YASUDA
TRUST AND BANKING
London Branch: 01-628 5721
Head Office: Tokyo

## MINES—Continued

### FAR WEST RAND

| 1976 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 710 | 250 | Blyvoor 25 | 370 | ...... | Q75c | 1.6 | 14.7 |
| £14 | 440 | Buffels R1 | 670 | ...... | Q125c | 1.6 | 13.5 |
| *140 | 70 | Deelkraal R0.20 | 86 | −7 | — | — | — |
| 760 | 125 | Doornfontein R1 | 225 | −10 | Q55c | 2.2 | 17.7 |
| 965 | 330 | East Drie R1 | 610 | −25 | Q75c | 1.7 | 8.9 |
| 280 | 122 | Elandsraad Gld. 20c | 165 | −5 | — | — | — |
| 190 | 44 | Elsburg R1 | 97 | −8 | ‡Q33.8c | 1.0 | ‡ |
| £16½ | 520 | Hartebeest R1 | £10 | −¼ | Q190c | 1.3 | 13.8 |
| 695 | 260 | Kloof Gold R1 | 435 | −15 | Q47c | 1.5 | 7.8 |
| 760 | 140 | Libanon R1 | 305 | −5 | Q80c | 2.0 | 19.0 |
| 740 | 230 | Southvaal 50c | 350 | −10 | Q8c | 1.3 | 1.7 |
| 245 | 92 | Stilfontein 50c | 145 | −5 | ‡Q36c | 2.2 | ‡ |
| £20¾ | 700 | Vaal Reefs 50c | £10½ | −¼ | ‡Q175c | 2.1 | ‡ |
| 420 | 48 | Venterspost R1 | 145 | −10 | Q25c | 3.6 | 12.5 |
| £35 | £17¼ | W. Drie R1 | £20 | −¼ | Q335c | 1.5 | 12.1 |
| 315 | 68 | Western Areas R1 | 160 | −10 | ‡Q52c | 1.4 | ‡ |
| £15¼ | 480 | Western Deep R2 | 795 | −25 | ‡Q147½c | 1.6 | ‡ |
| 290 | 100 | Zandpan R1 | 170 | −5 | Q31¼c | 1.8 | 13.3 |

### O.F.S.

| 1976 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 170 | 60 | Free State Dev. 50c | 110 | ...... | Q9c | 0.6 | 5.9 |
| £22½ | 715 | F.S. Geduld 50c | £10½ | −½ | Q200c | ϕ | 13.8 |
| 200 | 50 | F.S. Saaiplaas R1 | 85 | −5 | 6c | 2.6 | 5.1 |
| 465 | 170 | Harmony 50c | 290 | −5 | ‡Q65c | 1.9 | ‡ |
| 195 | 38 | Loraine R1 | 80 | −5 | Q6c | 0.5 | 5.4 |
| £18½ | 600 | Pres. Brand 50c | 950 | −37 | Q170c | ϕ | 12.9 |
| £13 | 395 | Pres. Steyn 50c | 690 | −25 | Q45c | ϕ | 4.7 |
| £23⅛ | 750 | St. Helena R1 | £11¾ | −½ | Q170c | ϕ | 10.5 |
| 174 | 70 | Unisel | 122 | −2 | — | — | — |
| 330 | 125 | Welkom 50c | 180 | −10 | Q15c | ϕ | 6.0 |
| £25½ | 950 | W. Holdings 50c | £15 | −¼ | Q310c | ϕ | 15.0 |

### FINANCE

| 1976 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 535 | 315 | Ang. Am. Coal 50c | 425 | ...... | MQ38c | 2.8 | 6.5 |
| 375 | 185 | Ang. Amer. 10c | 225 | −5 | Q35c | 1.9 | 10.6 |
| £28¾ | £10½ | Ang. Am. Gold R1 | £15½ | ...... | ‡Q260c | 1.3 | ‡ |
| £13¾ | 800 | Ang-Vaal 50c | 900xd | +4 | Q105c | 3.3 | 8.4 |
| 199 | 101 | Charter Cons. | 118xd | −½ | †6.76 | 2.4 | 8.8 |
| 220 | 113 | Cons. Gold Fields | 150 | −2 | 7.37 | 2.1 | 7.6 |
| 23½ | 13 | East Rand Con. 10p | 16 | ...... | 1.0 | 2.2 | 9.6 |
| 330 | 150 | Geduld Inv. R1 | 240 | ...... | Q40c | 1.5 | 12.1 |
| £25 | £12¾ | Gen. Mining R2 | £14 | ...... | Q210c | 2.1 | 10.9 |
| £20⅝ | 10 | Gold Fields S.A. 25c | £11¾ | ...... | Q155c | 1.2 | 9.5 |
| £24 | £11½ | Jo'burg Cons. R2 | £14½ | ...... | Q170c | 2.2 | 8.5 |
| 380 | 195 | Middle Wit 25c | 210xd | −2 | Q35c | 1.2 | 12.1 |
| 250 | 156 | Minorco SBD1.40 | 156 | −2 | Q2c | 0.7 | 0.8 |
| 160 | 56 | New Wit 50c | 90 | −2 | Q18c | 1.0 | 14.5 |
| £14⅝ | 770 | Patino NV Fls.5 | £13½ | −⅝ | QC65c | 0.8 | 3.1 |
| 810 | 310 | Rand Selection 50c | 360xd | −3½ | Q65c | ϕ | ‡ |
| 543 | 355 | Selection Trust | 370xd | +5 | 15.2 | 1.5 | 6.3 |
| 230 | 98 | Sentrust 10c | 130 | −10 | Q30c | 1.4 | 16.7 |
| 66 | 29½ | Silvermines 2½p | 35 | ...... | 3.0 | 1.6 | 13.2 |
| £12½ | 700 | T'vaal. Cons. Ld. R1 | 975xd | +24 | 12½ | ϕ | 5.6 |
| 310 | 110 | U.C. Invest R1 | 145 | −5 | ‡Q36c | 1.0 | ‡ |
| 465 | 175 | Union Corpn. 6.25c | 240 | ...... | ‡Q36c | 1.4 | 10.8 |
| 90 | 45 | Vogels 2½c | 68 | −2 | †Q6½c | 1.2 | 6.9 |

### DIAMOND AND PLATINUM

| 1976 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| £32½ | £17½ | Anglo-Am. Inv 50c | £20 | ...... | †Q244c | 1.6 | 8.8 |
| 122 | 68 | Bishopsgate Plt. 10c | 69xd | −5 | †Q8c | ϕ | 8.4 |
| 335 | 187 | De Beers Df. 5c | 190 | −2 | Q28c | 2.2 | 10.7 |
| £14 | 850 | Do. 40pc Pf. R5 | £10 | ...... | Q200c | 128.0 | 14.5 |
| 128 | 68 | Lydenburg 12½c | 68 | −7 | Q7.2c | ϕ | 7.7 |
| 123 | 93 | Rus. Plat. 10c | 93 | −7 | gQ5c | — | 3.9 |

### CENTRAL AFRICAN

| 1976 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 165 | 53 | Coronation 25c | 68 | ...... | Q5c | ϕ | ‡ |
| 130 | 68 | Falcon Rh. 50c | 108 | ...... | Q35c | ϕ | — |
| 25 | 9 | Rhod'n Corp. 16⅔p | 15 | ...... | 0.56 | 6.0 | 5.7 |
| 195 | 120 | Roan Cons. K4 | 145 | ...... | — | — | — |
| 178 | 140 | Tanganyika 50p | 151 | +3 | Q10.0 | 0.8 | 6.6 |
| 70 | 65 | Do. Pref. 80p | 70 | ...... | Q9 | 10.2 | 10.7 |
| 54 | 25 | Wankie Col. Rh 1 | 42 | ...... | Q7½c | 1.5 | — |
| 46 | 15½ | Zam. Cpr. SBD0.24 | 15½ | ...... | — | — | — |

### AUSTRALIAN

| 1976 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 33 | 18 | Acmex 25c | 20 | −2 | — | — | — |
| 323 | 132 | A. M. and S. 50c | 232 | ...... | ϕ†Q7c | 1.5 | 1.9 |
| 165 | 96 | Bougainville 50 Toea | 107 | −11 | Q10c | ϕ | 5.9 |
| 235 | 107 | BH South 50c | 115 | −12 | — | — | — |
| 75 | 15 | G.M. Kalgoorlie $1 | 20 | ...... | — | — | — |
| 106 | 58 | Hampin Areas 5p | 76 | −2 | 1.3 | 5.0 | 2.6 |
| 86 | 30 | Metals Ex. 50c | 32 | +1 | — | — | — |
| 24 | 12 | Metramar 20c | 20 | −2 | — | — | — |
| 294 | 200 | M.I.M. Hldgs. 50c | 200 | −6 | Q4½c | 1.8 | 1.4 |
| 105 | 25 | Mount Lyell 25c | 25 | ...... | — | — | — |
| 3 | 2 | Newmetal 10c | 2 | ...... | — | — | — |
| 113 | 69 | North B. Hill 50c | 94 | −2 | Q9c | 1.3 | 5.9 |
| 9 | 5 | Nth. Kalgurli | 5 | −1 | — | — | — |
| 112 | 65 | Oakbridge $A1 | 91 | −4 | Q9c | 1.5 | 6.2 |
| 36 | 14 | Pacific Copper 25c | 20 | ...... | — | — | — |
| £19½ | 725 | Pancont'l 25c | 775 | −75 | — | — | — |
| 17 | 9 | Paringa M&Ex.5p | 9 | ...... | — | — | — |
| 492 | 345 | Peko-Wallsend 50c | 375 | +5 | Q15c | ϕ | 2.5 |
| 300 | 60 | Poseidon 20c | 75# | ...... | — | — | — |
| 13 | 6 | Vultan Min. 50c | 6 | ...... | — | — | — |
| 9 | 4 | Westmex 10c | 5 | ...... | — | — | — |
| *199 | 127 | Westn. Mining 50c | 142 | −5 | Q5c | 1.3 | 2.2 |
| 75 | 36 | Whim Creek 20c | 55 | −5 | — | — | — |

### TINS

| 1976 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 45 | 28 | Amal. Nigeria | 32 | ...... | 0.93 | 0.9 | 4.5 |
| 340 | 160 | Ayer Hitam $M1 | 330 | +8 | 23.0 | ϕ | 10.7 |
| 32½ | 17 | Beralt Tin | 28 | ...... | 24.0 | 2.8 | 22.0 |
| 415 | 315 | Berjuntai $M25 | 380 | ...... | Q$M1.5 | ϕ | 9.8 |
| For Ex Lands see Trusts, Finance, Land | | | | | | | |
| 265 | 155 | Geevor | 225 | ...... | 5.0 | — | 3.4 |
| 14 | 6 | Gold & Base 12½p | 9 | ...... | — | — | — |
| 250 | 170 | Gopeng Cons. | 222 | +2 | †11.0 | 1.3 | 7.6 |
| 80 | 64 | Hongkong | 72 | ...... | — | — | — |
| 70 | 56 | Idris 10p | 60 | ...... | 7.15 | 1.5 | 19.3 |
| 7½ | 6 | Jantar 12½p | 7 | ...... | — | — | — |
| 42 | 31 | Kamunting 15p | 35 | ...... | ‡7.0 | 1.2 | ‡ |
| 280 | 135 | Killinghall | 250xd | −4 | Q50.0 | ϕ | 20.0 |
| 240 | 168 | Malay Dredging | 202 | +2 | 11.0 | 1.7 | 8.4 |
| 38 | 20 | ΔPahang | 27# | ...... | Q2.5 | ϕ | ‡ |
| 55 | 40 | Pengkalen 10p | 48 | ...... | ‡7.0 | 1.5 | ‡ |
| 135 | 104 | Petaling $M1 | 135 | ...... | Q12½c | — | 2.3 |
| 46 | 19 | Saint Piran | 40 | ...... | 1.25 | 2.5 | 4.8 |
| 100 | 64 | South Sinta (10p) | 70 | ...... | 7.5 | 0.6 | 16.5 |
| 200 | 105 | Sthn. Malayan | 167 | +5 | 11.8 | 1.1 | 10.9 |
| 46 | 31 | Sungei Besi $M1 | 46 | +1 | — | — | — |
| 42 | 29 | Sungei Way $M1 | 42 | ...... | ZQ10 | — | 5.9 |
| 48 | 40 | Tanjong 15p | 40 | ...... | 4.64 | 0.9 | 17.8 |
| 52 | 40 | Tongkah Hrbr. $M1 | 44 | ...... | Q16.92% | ϕ | ‡ |
| 110 | 58 | Tronoh $M1 | 100 | +2 | †4.29 | 2.0 | 6.6 |

### COPPER

| 1976 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 85 | 35 | Botswana RST R2 | 42 | ...... | — | — | — |
| 335 | 155 | Messina R0.50 | 175 | ...... | Q45c | ϕ | 19.9 |

### MISCELLANEOUS

| 1976 High | Low | Stock | Price | + or − | Div Net | C'vr | Y'ld Gr's |
|---|---|---|---|---|---|---|---|
| 10 | 8 | Burma Mines 17½p. | 9 | ...... | 0.1 | ϕ | 1.8 |
| 35½ | 15½ | Charterhall 5p | 21½ | ...... | — | — | — |
| 990 | 550 | Cons. Murch. 10c | 625 | +15 | †Q80c | 1.8 | 9.3 |
| 425 | 245 | Northgate C$1 | 370 | −35 | — | — | — |
| 239 | 132 | R.T.Z. | 147 | ...... | g5.96 | 2.1 | 6.2 |
| 112 | 67 | Sabina Inds. C$1 | 70 | −2 | — | — | — |
| £15⅞ | £10 | Tara Explm. $1 | £12¼ | −⅛ | — | — | — |
| 45 | 32½ | Tehidy Minerals 10p | 33 | ...... | †h1.08 | ϕ | 5.1 |
| 145 | 84 | Yukon Cons. C$1 | 113 | ...... | — | — | — |

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures; they are adjusted to ACT of 35 per cent. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- Δ Sterling denominated securities which include investment dollar premium.
- ■ "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents.
- ϕ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend. P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1976-77. M Figures based on prospectus or other official estimates for 1976. N Dividend and yield based on prospectus or other official estimates for 1976. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xcd ex capital distribution.

"Recent Issues" and "Rights" Page 29

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FINANCIAL TIMES
Tuesday November 30 1976

NCR
Computers & Terminals

# Power companies fight report

BY MAX WILKINSON, INDUSTRIAL STAFF

THE CENTRAL POLICY Review Staff report on the power generation industry is to be published early next month, although there have been strong protests from the companies involved that publication of some parts would weaken their commercial position.

Final negotiations are taking place this week on the sections which the companies want removed before the document can be released.

The four main companies, GEC, C. A. Parsons, Babcock and Wilcox and Clarke Chapman were sent copies of the final draft with recommendations last week for their comments. The Cabinet Office staff is working hard to collate an agreed version.

Parts of this document are so sensitive that it has not even been circulated to all Ministers.

The report was commissioned to help the Government decide what help should be given to the industry which is suffering from a shortage of export orders and a complete hiatus in ordering for the home market by the Central Electricity Generating Board.

The report as originally drafted was strongly critical of the stop-go ordering programme of the CEGB, which has helped to precipitate the present crisis. After a major ordering programme of up to 7,000 Mw a year in the 1960s, the Board now says it will not need to place any more orders until 1979 or 1980.

The report says the Board must try to even out the bumps and dips in its forward projections to provide a steady ordering programme in the next decade, to provide continuous work for the factories.

However, the report is lukewarm about the immediate first aid demanded by the industry in the form of a 2,000 MW power station at Drax, near Selby, which the CEGB says is not needed yet.

## Mergers

The CPRS accepts the Board's estimate that forward ordering of the station would cost about £100m. extra and it mentions that the new station would lead to a loss of jobs among power station workers, because it would be more efficient than the stations it replaced.

The report comes out strongly in favour of mergers in the industry, but it does not make them an immediate condition for aid, as has been suggested. It says mergers are among the longer term measures needed to strengthen the industry.

The CPRS has had to face the fact that C. A. Parsons and GEC are both vehemently opposed to a merger. Parsons, which claims to be technologically superior, fears it would be submerged by GEC's financial might. GEC, on the other hand, is worried by the possibility of being a senior partner which would have to make redundancies in the merged company.

The CPRS also suggests that Government backing will be needed to form a national consortium large enough to compete for large turnkey orders overseas.

While the report has had critical things to say about the industry, the companies have strongly protested against the way the CPRS has conducted the investigation.

The first draft was written by the American management consultants, Booz Allen and Hamilton, who collected highly confidential information from the companies about order books, contracts in hand and future plans.

The consultants then travelled throughout the world to estimate the likely extent of foreign orders. Many people in the industry believe the semi-public exercise has been a thoroughly bad advertisement for the British industry. They fear it will have left an impression with potential foreign customers that the industry is in a worse plight than is actually the case.

# £5m. aid plan launched for wool textile industry

BY RHYS DAVID, TEXTILES CORRESPONDENT

A £5M. new aid scheme for the wool-textile industry designed to encourage further restructuring and rationalisation among producers has been launched by the Government.

The scheme, announced yesterday by Mr. Alan Williams, Minister of State, Department of Industry, follows the successful operation of the original £18m. wool-textile scheme introduced in 1973, which has generated investment by the industry of more than £75m.

Most of this was in the form of new plant, machinery and buildings. The provisions designed to encourage structural change, through mergers or internal re-organisation, secured only a limited response.

After recommendations from the Wool Textiles economic development committee, which was responsible for monitoring the original scheme, the main provisions of the new plan will therefore be directed towards rationalisation.

The assistance package will provide loans at preferential rates of interest, or interest relief grants in lieu, covering up to 50 per cent. of approved costs towards restructuring rationalisation. Regional development grants or re-equipment and building grants, for which the applicant may be eligible, will be deducted.

Grants of 20 per cent. for new plant and machinery, and of 30 per cent. for new buildings and extensions will be available. The minimum value required for 20 per cent. grants will be £25,000. For the higher grant of 30 per cent. on new buildings or extensions it will be £50,000.

Grants of 50 per cent. will be available, too, towards the cost of obtaining external professional advice in order to improve performance by a company with less than £500,000 total assets.

The scheme starts immediately and applications have to be submitted by September 30, 1977 with March 31, 1979 set as the completion date for projects.

## Selective

Assistance will be selective and dependent on the Department of Industry deciding that companies submitting proposals are viable and that proposed projects are commercially sound.

Premises and equipment made redundant by the new scheme will have to be scrapped. But the Government will not, as under the previous scheme, be providing funds for companies wishing to leave the industry.

Mr. Williams, outlining the new scheme in Bradford yesterday, said the industry had become highly efficient as a result of the earlier one.

"Now with this further scheme we are giving more opportunities for even greater efficiency.

"The outcome may be a slimmer industry but it will be a fitter one capable of standing on its own feet and making its way in world markets."

Mr. Michael Roberts, chairman of the Wool Textile Delegation, said the scheme could help to improve exports to Europe.

"The industry is already doing very well in exports to other parts of the world, but a certain amount of re-equipment is needed to deal with exports to Europe."

The industry has been enjoying strong demand for its products for most of this year, and is expecting exports in 1976 to reach £300m., or roughly one-third of total output.

Some uncertainty over future prospects has, however, been introduced by the slowdown in the rate of world economic recovery.

The plan was welcomed by Mr. Fred Dyson, secretary of the national association of unions in the textile trade, who said it should help to guarantee more stable employment for wool-textile workers.

# Mine militants call for strike backing

BY ROY ROGERS, LABOUR CORRESPONDENT

MINERS' LEADERS from the traditionally militant Yorkshire, Scotland and South Wales areas yesterday urged their members to vote in favour of industrial action to support their demands for early retirement.

Although there is no need for individual areas of the National Union of Mineworkers to endorse the industrial action call from the union's national executive, the militant leaders in these areas have taken the opportunity of underlining the executive's call.

Their campaign is seen by some NUM officials as a Left-wing bid to counteract the feelings being expressed in some mining areas that even an all-out strike would take several months to have any real effect because of the large coal stocks held by major customers, such as the Central Generating Board.

Nevertheless, NUM militants continue to predict that next week's pithead ballot will give the executive a large majority for taking industrial action.

At the same time Mr. Joe Gormley, the union's moderate president, made it clear that the union will continue to press for early retirement even if the ballot comes out against industrial action.

Whatever the outcome of the voting, there will certainly be further talks on the NUM's annual conference demand for a five-year reduction in the 65-year retirement age from this January with further staged reductions taking it to 55 by 1980.

The National Coal Board has conceded the principle of early retirement and offered a phased reduction to 62 beginning after the present pay policy expires. Earlier negotiations broke down over the Board's insistence that only miners with 25 years' service underground would qualify, but it thought there is scope for some minor concessions on this issue.

Following a meeting of Yorkshire NUM delegates yesterday, Mr. Arthur Scargill, area president, called on his members to vote solidly for the executive recommendation. There was, he said, no justification economically or morally for the Government, TUC or the National Coal Board to continue to refuse the early retirement claim.

Yorkshire delegates passed a resolution calling for strike action if necessary to win their "legitimate demand and bring us into line with the rest of Europe's miners."

Scottish miners' delegates backed a broadly similar motion but South Wales miners' leaders adopted a somewhat softer line. "We don't really want complete strike action, but we may have to resort to it in support of our demand," said Mr. Emlyn Williams, South Wales miners' president, after his area delegates had voted overwhelmingly in favour of industrial action.

# Carpet makers to sponsor two trade fairs

THE BRITISH Carpet Manufacturers' Association will sponsor two trade fairs next year, the Northern Floorcoverings Fairs at Harrogate in September, and the Spring Floorcoverings Exhibition at Brighton in February.

The association will discuss with the organisers the raising of the status of the Harrogate fair to an international event with a new title.

It is also proposed to increase the overseas promotion activities to attract more export customers, and to organise an agency arrangement to help overseas buyers in visit Harrogate.

Continued from Page 1

# EEC

and would lead only to a sharp escalation in the demands of the Third World.

The uncertain economic outlook faced by the EEC countries, even without an Opec oil increase, has been underlined by a new study prepared by the European Commission for the present summit talks.

The paper draws attention to the general slowdown in key areas of economic activity in recent months, notably in stock building, consumer demand and faltering capital investment.

If there were to be a sizeable oil price increase, it could only accentuate the deterioration in the economic situation, it adds.

Despite this gloomy appraisal, the Commission belives that its own recent forecast of a 4 per cent. average growth rate for the EEC economies next year can still be met.

Continued from Page 1

# Geneva

various issues may subsequently be tackled.

Leaving aside such questions as the defence portfolio, internal law and order, and the possible British role in the interim period, the talks are now expected to take a broader look at the shape of a transitional government.

In the British view this would have three main functions; the working out of an independence constitution and the supervision of the transitional processes, including the holding of pre-independence elections; the reform of existing social economic and administrative "situations"; and day-to-day government and administration.

Britain also sees advantage in having a two-tier system, with a Council of Ministers initiating legislation and a small non-elected body which enacts it.

# IMF plans close watch on U.K.

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

BRITAIN'S ECONOMIC performance is to be closely and regularly monitored by the International Monetary Fund and the $3.9bn. loan will probably be made available only in instalments.

This has emerged as one of the main conditions for the IMF loan, on which the Cabinet hopes to reach a broad decision during meetings to-morrow and Thursday.

The IMF team is apparently mainly interested in domestic credit expansion, and no specific figures have yet been suggested for the public sector borrowing requirement; though the IMF team is closely interested in the actual economic measures under discussion in the Government.

After last week's Cabinet meeting, in which a majority of Ministers expressed concern about "deflationary" measures, officials are now working on various alternative measures to achieve any monetary objectives. These will be discussed to-morrow.

Ahead of the meeting, the opponents of large-scale action were claiming strong support, while the Chancellor's camp was keen to play down any suggestions that he is isolated. Instead they argued that Mr. Healey himself was not yet clear in his own mind what the outcome should be, and had not declared a specific position.

But so far work in the Treasury has been increasingly concerned with possible cuts in public spending of £1bn. or more, notably in the area of transfer payments. These would apply not only to the next financial year but also affect spending plans for 1978-79.

Ministers seem to have been left in little doubt about the international desire for longer-term adjustments in this area following the week-end visit of Mr. William Simon, the outgoing U.S. Treasury Secretary.

The current position on talks over the futurue of the sterling balances is less clear. But the Treasury still hopes that an indication of intent at any rate can be given in the expected mid-December economic statement, even if the mechanics are left to later. The impetus from the U.K. end has gathered pace in the last week.

British ministers received varying advice yesterday from other prominent Americans. Mr. Henry Reuss, chairman of the House of Representatives Banking committee, told a conference in London yesterday that "violent deflation" would be a mistaken condition for the IMF loan.

On a television programme in the U.S. at the week-end, Professor Milton Friedman, the recent winner of the Nobel Prize for Economics, warned that if the British were to alter course, in 10 years they will be one the economic miracles of the west. But if not, the country would continue to slide towards economic and financial collapse.

Treasury monitoring Page 17

# Reluctant devaluation by New Zealand

BY OUR FOREIGN STAFF

THE NEW ZEALAND Government yesterday reluctantly announced a devaluation in the wake of the 17.5 per cent. devaluation of the Australian dollar.

The new rate involves a 7 per cent. devaluation of the New Zealand dollar against all major currencies, but a 12.7 per cent. revaluation against the Australian curency.

Since New Zealand's 15 per cent. devaluation in August last year exports of manufactured goods to Australia have grown by 60 per cent.

Mr. Robert Muldoon, New Zealand's Prime Minister, said his Government had considered making no change against the Australian dollar, but New Zealand exporters would have lost too much. New Zealand exports goods worth about $NZ330m. to Australia a year.

The New Zealand dollar is now worth 89 Australian cents — a gain of 10 cents. It has lost 6 cents against the U.S. dollar to an anticipated 81 U.S. cents. Foreign exchange dealings were suspended yesterday but will resume to-day.

The Australian devaluation has yet to rsetore confidence in the stability of the currency.

Share prices in Australia moved up following the devaluation. At the close, the Sydney Stock Exchange index was up 24.37 to 429.24. But thecountry's second largest industrial lobby, the Associated Chambers of Manufacturers, pointedly refused to endorse the Government's measurse on the grounds that they were inflationary.

Politicians criticed the Government's tardiness in taking its decision in the face of a loss of confidence in the currency.

Mr. William Wentworth, a veteran Liberal MP and a former minister, said the benefits of devaluation had been largely dissipated by the Government's decision to raise interest rates. Insofar as the devaluation caused a capital inflow it should lead to a lowering of interest rates.

The Government continued to defend its unexpected move with the argument that rising domestic costs were pricing Australian goods out of export markets.

Page 8; Feature, Page 9; Editorial Comment, Page 18

# Suppliers sceptical on Post Office cuts

BY KEVIN DONE, INDUSTRIAL STAFF

TELEPHONE EXCHANGE equipment suppliers, who are facing cuts of £220m. in Post Office orders over the next 3½ years, were unimpressed yesterday by the corporation's defence of its new system for assessing equipment requirements.

Post Office officials spent 2½ hours explaining to representatives from managements and unions the difference between the old and new systems of matching equipment requirements to traffic flows.

It is understood, though, that the suppliers felt the Post Office had done little to justify the change of system or to explain the validity of the new computerised method.

The manufacturers and unions, who fear the cuts could cause 15,000 redundancies within two years, must now rely on a meeting with Mr. Eric Varley, the Secretary for Industry, in the next two weeks for any hope of reversing the Post Office's proposals.

The Minister has promised to reconvene a tripartite meeting between Government, managements and unions to discuss the cuts and pressure is mounting for the meeting to be held before the Christmas recess.

The Post Office's suppliers—GEC, Plessey and Standard Telephones and Cables—have questioned the accuracy of its new ordering estimates and yesterday's meeting failed to stifle their doubts.

It is understood that the Post Office refused to discuss ways in which the effects of the cuts on the supply industry could be diminished by changing the time-scale or by reducing the size of the cuts.

Editorial Comment, Page 18

# Rolls-Royce discusses RB-211 checks

CIVIL AVIATION Authority officials were in Derby yesterday visiting Rolls-Royce to discuss safety precautions following the grounding of an All-Nippon Airways Lockheed TriStar.

The aircraft returned to Tokyo airport soon after take-off because of a component fault in the turbine of the RB211 engine. Since then a more thorough check of ANA's fleet of 17 TriStars has been ordered.

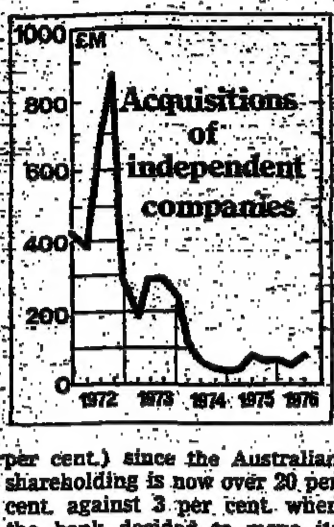
Rolls-Royce said yesterday that the component fault had been discovered some time ago, and the company had recommended a check on TriStars after 1,000 flights. However, the fault on the ANA TriStar—which caused the release of turbine blades—had occured before 1,000 flights had been completed.

As a result, the Civil Aviation Authority visit to the plant was to decide on whether to order checks to be carried out at an earlier time in the lives of TriStars with the faulty components.

THE LEX COLUMN

# Bids: more smoke than fire

**Index fell 0.1 to 302.4**




Activity in the takeover field has increased sharply in recent months, and if some of the rumours current in the stock market are to be believed, there is a lot more action to come. In the first nine months of this year, expenditure on acquisitions of industrial and commercial companies showed little underlying increase from the low levels evident over the last two years, and there was not a single takeover worth more than £25m.

In the fourth quarter, by contrast, four bids with an aggregate value of over £100m. —Manbre and Garton, Mather and Platt, Teacher and Hall-Thermotank — have already gone unconditional, and there are currently bids outstanding worth more than £70m. Since spending on the acquisition of independent companies (as opposed to sales of subsidiaries) has run at well under £100m. a quarter since the spring of 1974, this represents a marked change in the recent pattern.

The takeover bulls argue that the upturn reflects the low level of share prices relative to earnings and assets, the build up of corporate liquidity (an increasing proportion of takeover spending is made up of cash), and the fall in sterling which has encouraged overseas bids for groups like Mather and Platt and Richards of Sheffield.

But precedent suggests that takeover activity is governed not by the apparent "cheapness" of share prices, but by business confidence. Thus the lowest point for acquisitional spending came in the winter of 1974-75, and the trend seems to follow the general direction of the stock market after a period of a few months. There may be some fire behind the recent smoke. But it seems safer to assume that the rumours have more to do with the fact that stockbrokers currently have too much time on their hands than with anything more fundamental.

## ANZ group

ANZ's London share price closed almost a tenth lower at 310p last night. This had more to do with the devaluation of the Australian dollar than market reaction to the 61 per cent. jump in preliminary profits to £27.2m. In fact, it is more relevant to look at the results in Australian dollar terms (where the growth is 35 per cent.) since the Australian shareholding is now over 20 per cent. against 3 per cent. when the bank decided to move its domicile out of the U.K. earlier this year. In the face of heavy U.K. selling ANZ's share price has held up remarkably well. But the group yields notably less than its rivals and its capital ratios point up the need for a sizeable rights issue.

As for the Australian stock market, its initial reaction to the week-end news was a sharp rally yesterday with the mining stocks leading the way upwards. But the enthusiasm has not washed over into the industrial sectors quite so obviously: a 6 per cent. rise in the All-Ordinaries index owed much to the weighting of stocks like BHP and CSR (both of which rose a tenth) with some of the domestic issues barely moving. One concern is that the economy will have to be dampened further now that the Government's earlier inflation targets—a reduction to a 10 per cent. rate by mid-1977—are likely to prove wide of the mark.

## Rugby Portland

The wording of Sir Halford Reddish's Press release yesterday—"I regret that I am unable to name my successor"—underlines the special relationship between the chairman of Rugby Portland and the company that he has managed on a day-to-day basis for well over 40 years. The rejection by a majority of the Board of his favoured candidates marks an unhappy end to a unique business career. But an anonymous poem quoted in his last message "to his fellow workers" gives an idea of why he made his final statement:

"Any craven fool can quit,
But man with pluck and grit
Will hold until the very final
shout . . ."

## Obituary

The passing away is reported of Historical Cost Accounting, better known to its many followers as "H.C." Death has followed several attempts at emergency surgery, the most recent being an experimental heart transplant aimed at making H.C. proof against inflation. But this failed after the onset of a complication known as Sandilands disease.

Originally of Italian parentage, H.C. is believed to have been born in Britain about 100 years ago. Although a sickly infant, it gained considerable strength from the decision to make company audits compulsory in 1900 and the subsequent imposition in 1908 of a legal requirement on companies to file accounts for public inspection. It probably reached its peak of influence when the 1948 Companies Act ordained that company accounts should give a "true and fair" view.

But H.C. suffered a mild stroke in 1949 when the Institute of Chartered Accountants began publicly flirting with inflation accounting, and although recovery appeared to be complete by the mid-1950s this was deceptive, for U.K. accounting practices tolerated an increasing amount of asset revaluation. By the mid-1970s even the Inland Revenue was withdrawing support, and some say this was a crucial factor in undermining H.C.'s will to live.

This contrasts strongly with the experience of H.C.'s twin brother, which emigrated to the United States in the late 19th century and has remained in excellent health; current attempts by the Securities and Exchange Commission to open the way towards replacement cost accounting in the U.S. have widely been given a critical reception.

The U.K. funeral rites for H.C. will be conducted at Chartered Accountants' Hall at 11.30 this morning. But H.C. still has a number of adherents, some of whom refuse to accept the news of its decease. They remember that a German cousin was reported dead and buried in the early 1920s, only to reappear later seemingly with miraculously restored powers.

## Weather

**London, S.E. England, E. Anglia, Channel Is.**

Cloudy, rain at times, clearer later. Wind S.W., strong to gale force, becoming N.W. Max. 8C (46F).

**Cent. S., E., Cent. N., N.E., S.W. England, Wales, Midlands, Borders, Edinburgh, Dundee**

Cloudy, rain at times; sunny intervals and showers later. Wind S.W., veering N.W., strong to gale force. Max. 7C (45F).

**N.W. England, Lakes, I. of Man, S.W. Scotland, Glasgow, N. Ireland**

Cloudy, rain at first; sunny intervals and showers later. Wind S.W., strong to gale force, becoming N.W. strong later. Max. 7C (45F).

**Aberdeen, Highlands, Moray Firth, N.E., N.W. Scotland, Argyll, Orkney, Shetland**

Sunny intervals, showers. Snow on hills. Max. 5C (41F).

Outlook: Sunny intervals, showers. More prolonged rain later.

*Lighting-up:* London 16.25, Manchester 16.25, Glasgow 16.20, Belfast 16.34.

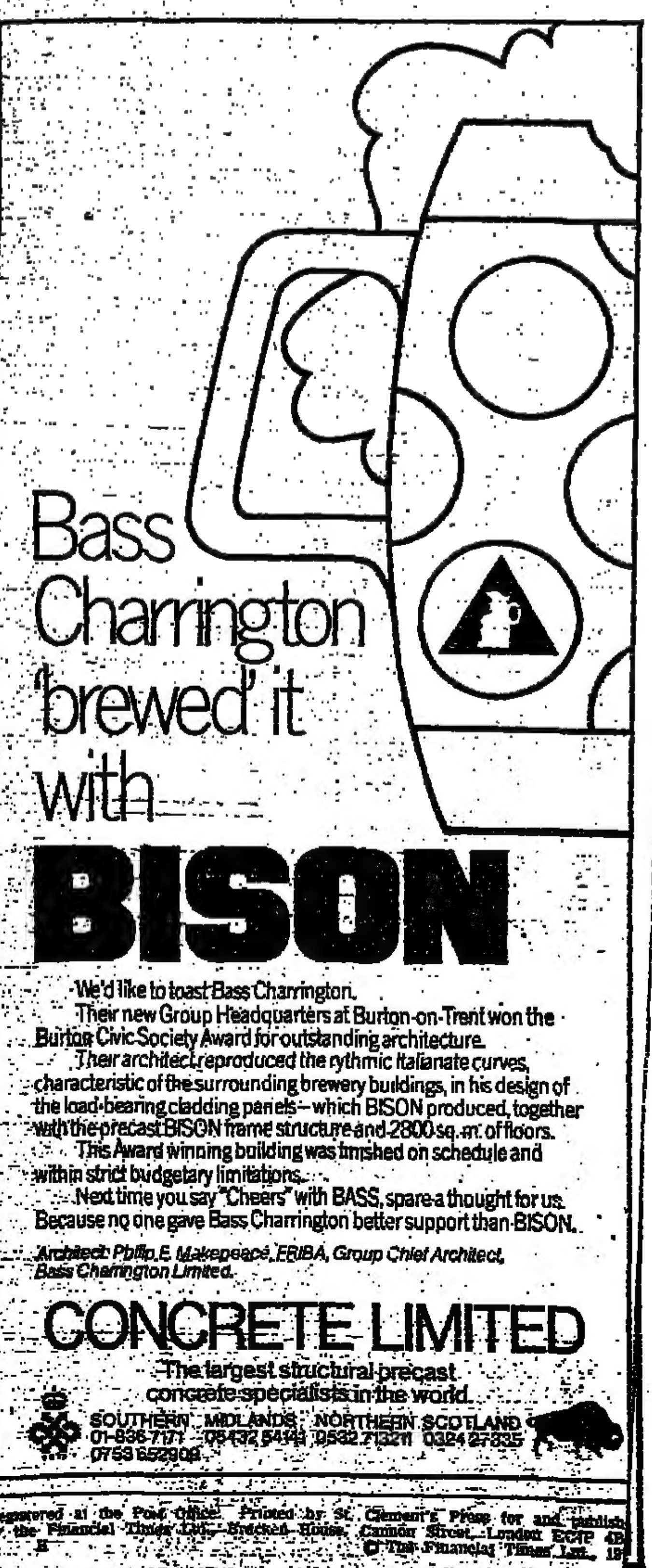
### BUSINESS CENTRES

| | | Y'day mid-day °C | °F | | | Y'day mid-day °C | °F |
|---|---|---|---|---|---|---|---|
| Alexandria | C | 20 | 68 | Manchstr. | R | 5 | 41 |
| Amstrdm. | C | 7 | 45 | Melbourne | C | 25 | 77 |
| Athens | S | 14 | 57 | Mexico C. | S | 18 | 64 |
| Barcelona | F | 10 | 50 | Montreal | C | −4 | 25 |
| Belfast | S | 4 | 39 | Moscow | C | 1 | 34 |
| Belgrade | S | 9 | 48 | Munich | F | 9 | 48 |
| Berlin | R | 10 | 50 | Newcastle | R | 3 | 37 |
| Birmghm. | C | 8 | 46 | New York | Sn | 2 | 36 |
| Bristol | C | 9 | 48 | Oslo | S | 6 | 43 |
| Brussels | C | 9 | 48 | Paris | F | 10 | 50 |
| Budapest | Fg | 3 | 36 | Perth | S | 21 | 70 |
| B. Aires | C | 21 | 70 | Prague | F | 8 | 46 |
| Cairo | S | 21 | 70 | Reykjavik | F | −5 | 23 |
| Cardiff | C | 9 | 48 | Rio de J'o | S | 31 | 88 |
| Cologne | C | 10 | 50 | Rome | C | 14 | 57 |
| Copnhagn. | S | 6 | 43 | Singapore | S | 27 | 81 |
| Dublin | S | 4 | 39 | Stockholm | F | 6 | 43 |
| Edinb'rgh | F | 5 | 41 | Strasbourg | F | 11 | 52 |
| Frankfurt | F | 10 | 50 | Sydney | S | 23 | 73 |
| Geneva | S | 11 | 52 | Tehran | C | 7 | 45 |
| Glasgow | R | 4 | 39 | Tel Aviv | C | 17 | 63 |
| Hong Kong | S | 19 | 66 | Tokyo | C | 8 | 46 |
| Jo'burg | S | 28 | 82 | Toronto | C | −7 | 19 |
| Lisbon | C | 14 | 57 | Vienna | C | 4 | 39 |
| London | R | 8 | 46 | Warsaw | R | 6 | 43 |
| Madrid | S | 8 | 46 | Zurich | S | 10 | 50 |

### HOLIDAY RESORTS

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Ajaccio | F | 14 | 57 | Jersey | R | 11 | 52 |
| Algiers | S | 17 | 63 | Las Plms. | F | 20 | 68 |
| Biarritz | S | 17 | 63 | Locarno | C | 7 | 45 |
| Blackpool | C | 5 | 41 | Majorca | S | 16 | 61 |
| Bordeaux | F | 15 | 59 | Malaga | S | 15 | 59 |
| Boulogne | C | 9 | 48 | Malta | S | 17 | 63 |
| Casablnca. | F | 18 | 64 | Nairobi. | C | 20 | 68 |
| Cape Town | C | 20 | 68 | Naples | F | 14 | 57 |
| Corfu | S | 16 | 61 | Nassau | S | 27 | 81 |
| Dubrovnik | F | 13 | 55 | Nice | F | 13 | 55 |
| Faro | F | 16 | 61 | Oporto | C | 14 | 57 |
| Florence | C | 14 | 57 | Rhodes | S | 14 | 57 |
| Funchal | C | 19 | 66 | Salzburg | F | 7 | 45 |
| Gibraltar | F | 16 | 61 | Tangier | F | 17 | 63 |
| Guernsey | R | 10 | 50 | Tenerife | S | 18 | 64 |
| Innsbruck | F | 3 | 37 | Tunis | F | 16 | 61 |
| Isle of Man | S | 7 | 45 | Valencia | S | 14 | 57 |
| Istanbul | R | 7 | 45 | Venice | C | 6 | 43 |

S—Sunny. F—Fair. C—Cloudy. Fg—Fog. R—Rain. Sn—Snow.

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